

## BOARD'S REPORT

### To the Members,

Your Directors have pleasure in presenting to you the **Fifteenth** Annual Report of the Company and the Third Annual Report of Jana Small Finance Bank Limited together with the Audited Statements of Accounts for the year ended 31st March, 2021.

### 1 FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS :

(Rupees in crores)

| Particulars   | FY 2020-2021 | FY 2019-2020 |
|---|--------------|--------------|
| Total Income  | 2,732.79     | 2,424.77     |
| Interest Expended   | 1,234.58     | 980.16       |
| Operating Expenses  | 1,047.31     | 1,164.08     |
| Provisions and contingencies  | 366.59       | 250.40       |
| Profit for the year   | 84.31        | 30.13        |
| Add: surplus/(loss) brought forward from previous year  | (4,126.66)   | (4,130.81)   |
| Amount available for appropriation  | 0.00         | 0.00         |
| Appropriations:   |              |              |
| Dividend & Dividend Tax   | 0.00         | 0.00         |
| Transfer to Statutory Reserve under section 17 of the Banking Regulation Act and other reserves | 40.82        | (25.98)      |
| Surplus carried to Balance Sheet  | 4,083.17     | (4,126.66)   |

Note: - Previous year's figures have been restated wherever necessary, to align with the current year's figures.

### 2 CHANGE IN THE NATURE OF BUSINESS, IF ANY :

There is no change in the business of the Bank during the year.

### 3 DIVIDEND :

Your directors have not recommended payment of dividend for the financial year under review.

### 4 ISSUANCE OF CAPITAL :

During the year under review, 8654 equity shares of face value of Rs. 10/- per share were allotted, in terms of exercise of units against Restricted Stock Units.

As on 31st March, 2021, the paid up equity share capital stood at Rs. 50,72,72,570, divided into 5,07,27,257 equity shares of Rs. 10/- each and paid up preference share capital was Rs. 150,00,00,000 crore, divided into 15,00,00,000 preference shares of Rs. 10/ each

## **Funds raised and Credit Ratings**

During the year the bank raised funds by way of issue of Inter-Bank Participatory Certificates (IBPCs). The outstanding IBPCs as on 31st Mar 2020 was Rs. 1,116 crore. The IBPCs outstanding from five banks viz. Federal Bank Ltd. (Rs. 150 crore,) Axis Bank Ltd. (Rs. 500 crore), HDFC Bank Ltd (Rs. 200 crore), Karur Vysya Bank Ltd.(Rs. 100 crore) and RBL Bank (Rs. 166 crore.). The Bank also raised Rs. 225 crore from IDFC First Bank Ltd by issuing sub-ordinated debt during Q1-FY 20 (Rs. 175 crore of existing sub-debt was prepaid).

The bank also availed a refinance facility of Rs. 1000 crore from NABARD and a term loan facility of Rs. 200 crore from IDFC First Bank during the year.

ICRA upgraded the rating given to the Non-Convertible Debentures (NCDs) and Subordinate debt from [ICRA] BBB- (negative) to [ICRA] BBB (stable) in January, 2020 for the amount rated is Rs. 1,427 crore.

## **Capital Adequacy Abhilash/Naresh/Kiran**

As per operating guidelines for Small Finance Banks, the Bank is required to maintain a minimum Capital Adequacy Ratio of 15% with minimum Common Equity Tier I (CET I) CAR of 7.5%.

As on March 31, 2021, the Capital Adequacy Ratio of the Bank stood at 15.51% and the Common Equity Tier I ratio stood at 11.75%.

## **5 BOARD MEETINGS:**

The Board of Directors met 10 (Ten) times during the financial year. The quarterly meetings were held on 12-May-2020; 13-Aug-2020; 6-Nov-2021 and 10-Feb-2021 to approve audited financials (including half yearly financials with limited review) and to deliberate on various business updates.

The Board also met at shorter notice, on 22-Mar-2021 and 30-Mar-2021 to accord approval for proposed initial public offer of equity shares.

## **6 DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

As on 31<sup>st</sup> March 2021 the composition of the Board was :

1. Mr. Ramesh Ramanathan
2. Mr. Ajay Kanwal
3. Mr. Vikram Gandhi
4. Ms. Vijayalatha Reddy\*
5. Mr. R. Ramaseshan
6. Ms. Chitra Talwar
7. Mr. Eugene Karthak
8. Mr. P R Seshadri and
7. Mr. Rahul Khosla

Mr. Eugene Karthak and Mr. P R Seshadri were appointed on Board wef 2<sup>nd</sup> July 2020 and Mr. Rahul Khosla was appointed on Board wef 30<sup>th</sup> September 2020. Mr. Puneet Bhatia resigned on 6<sup>th</sup> August 2020.

There were no changes in the Key Managerial Personnel during the FY 2020-21.

\*Ms. Vijayalatha Reddy, has on April 5, 2021 tendered her resignation from the Board on completing 70 years in age

## **7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Bank has received declarations from all Independent Directors on the Bank's Board, as required under Section 149(7) of the Companies Act, 2013 confirming that they meet with the criteria as laid down in Section 149(6) of the Companies Act, 2013.

## **8. COMPOSITION OF AUDIT & COMPLIANCE COMMITTEE AND NOMINATION & REMUNERATION COMMITTEE:**

Audit & Compliance Committee:

The composition of the Audit & Compliance Committee as on 31<sup>st</sup> March 2021 was as follows:

Mr. Eugene Karthak (Committee Chairman)

Mr. R. Ramaseshan

Mr. Ramesh Ramanathan

Mr. Vikram Gandhi

Mr. P. R. Seshadri

Mr. Rahul Khosla

The terms of reference of the Audit & Compliance Committee are as per the provisions of Section 177 of the Companies Act, 2013 and as prescribed by the Reserve Bank Of India.

The Audit & Compliance committee met 7 (Seven) times during the financial year, on 4-May-2020; 12-May-2020; 12-Aug-2020; 13-Aug-2020; 5-Nov-2020; 6-Nov-2020 and 10-Feb-2021

Nomination & Remuneration Committee:

The composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March 2021 was as follows :

Mr. R. Ramaseshan (Committee Chairman)

Mr. Ramesh Ramanathan

Ms. Vijayalatha Reddy

Ms. Chitra Talwar

Mr. Eugene Karthak

Mr. Rahul Khosla

The terms of reference of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act, 2013.

The committee met 7 (Seven) times in the financial year, on 4-May-2020; 12-May-2020; 30-July-2020; 5-Nov-2020;10-Feb-2021; 12-Feb-2021; 16-Feb-2021

The Bank has laid down a Nomination & Remuneration Policy, as approved by the Nomination & Remuneration committee/ Board for remuneration of Directors, Key Managerial Personnel and other employees. The policy also covers the criteria for determining qualifications and other attributes for appointment of directors, including independent directors.

## **9. VIGIL MECHANISM:**

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established a vigil mechanism for directors and employees to report genuine concerns. The vigil mechanism forms a part of the Whistle Blower Policy, which has been approved by the Board of Directors in their meeting held on 5<sup>th</sup> August 2014 as a NBFC-MFI. After conversion into Small

Finance Bank, the Bank Board has approved the Whistle Blower Policy and Vigilance Policy, in their meeting held on 8<sup>th</sup> February 2018. The Policy has been hosted on the website of the Bank.

The Bank has an Anti-Sexual Harassment Policy to promote a workplace that is free of sexual harassment. A committee to investigate and redress any grievance has been formed, which meets on need basis.

**10. DIRECTOR'S RESPONSIBILITY STATEMENT:**

**In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:**

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors, had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**11 INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV :**

The Bank does not have any Subsidiary or Associate Company.

**12 EXTRACT OF ANNUAL RETURN:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the annual return in the form **MGT 9**, a part of this Annual Report is attached(**ANNEXURE I**).

**13 AUDITORS:**

M/s. MSKC & Associates Chartered Accountants, (earlier known as R K Kumar & Co) have been appointed as a statutory auditors for the financial year 2020-21. The Reserve Bank of India vide their letter no. DOS.ARG.No.AS-16/08.72.005/2019-20 dated May 29, 2020, have also conveyed their approval for the appointment of M/s. MSKC & Associates Chartered Accountants, (earlier known as R K Kumar & Co) as statutory auditors of the Bank for the financial year 2020-21.

**14 SECRETARIAL AUDIT:**

The Secretarial audit report as issued by Mr. Nagendra D Rao, Practising Company Secretary is annexed to this Report as **ANNEXURE V**.

**15 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

(A) Conservation of energy: Not applicable

(B) Technology absorption: Not Applicable

(C) Foreign exchange earnings and Outgo :

Foreign exchange earnings : NIL and Foreign exchange expenditure : Rs. 73.31 crore

**16 DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH RESPECT TO THE FINANCIAL STATEMENTS:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguard of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

**17 RISK MANAGEMENT POLICY:**

The Bank has put in place a comprehensive Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other risks.

The Risk Management Committee of the Board has established a formal Risk Appetite Statement which governs the risk-taking activities in the Bank. The Risk Management Committee exercises oversight on the implementation of various risk management policies and processes and is also in charge of review of these and other policies from the risk perspective.

**18 CORPORATE SOCIAL RESPONSIBILITY POLICY :**

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, the CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of CSR Projects or Programmes to be undertaken by the Bank as per the CSR Policy. The CSR policy has been duly approved by the Board of Directors.

**REASON FOR NOT SPENDING:**

The Bank had incurred losses for the two consecutive financial years 2017-18 and 2018-19 and had earned profit for the financial year 2019-20 and hence the Bank could not earmark funds for Corporate Social Responsibility initiatives during the financial year 2020-21 pursuant to Section 135(5) of the Companies Act, 2013. However, the Bank has voluntarily spent Rs. 75,18,000 towards following CSR initiatives during the year 2020-21. The details are as under :

a) Partnered with BPAC and Round Table

- For distribution of dry grocery in top 10 communities during COVID lock down period amounting to Rs. 74,10,000 (The employees also contributed, amounting to Rs. 74,60,000 with total Amount Spent on the initiative was Rs.1,48,70,000)

b) In association with NABARD through Vasundhara Foundation

- Promoting education including special education- Financial Literacy program (Total amount Spent Rs. 1,08,000)

## 19 RELATED PARTY TRANSACTIONS :

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 is as in ANNEXURE – I.

## 20 FORMAL ANNUAL EVALUATION:

The Nomination & Remuneration Committee in their meeting held on 12<sup>th</sup> May 2021, took note of the evaluation report of the Board's performance including Directors' own performance and committees of the Board. The Committee deliberated on various evaluation attributes indicated in the evaluation questionnaire for all directors and after due deliberations made an objective assessment and evaluated that all directors in the Board have adequate expertise drawn from diverse background and businesses and bring specific competencies relevant to the Bank's business and operations.

The Committee found that the performance of all Directors was quite satisfactory and the functioning of the Board and its Committees were quite effective. The Committee evaluated Board's composition and Board's performance as a whole and expressed the satisfaction in this regard. Further, the Committee's suggestion/feedback were duly taken note of by the Management.

## 21 Employees Stock Option Scheme. (ESOP): Naresh/Kiran

The Nomination and Remuneration Committee of the Board of Directors administers and monitors the Employee Stock Option Scheme in accordance with the ESOP Scheme approved by the shareholders.

Details of Employees Stock Options as on 31<sup>st</sup> March 2021

| <b>The following are the outstanding options as at year end:</b>   |                       |                      |                                |                                |
|--|-----------------------|----------------------|--------------------------------|--------------------------------|
| <b>Particulars</b>   | <b>March 31, 2021</b> |                      |                                |                                |
|  | <b>ESOP<br/>2017</b>  | <b>ESOP<br/>2018</b> | <b>ESOP<br/>2017<br/>(RSU)</b> | <b>ESOP<br/>2018<br/>(RSU)</b> |
| Total Options granted and outstanding at the beginning of the year | 16,90,629             | 5,03,932             | 45,211                         | 23,769                         |
| Add: Options granted during the year                               | 25,512                | -                    | 17,864                         | 1,041                          |
| Less: Options forfeited / lapsed during the year                   | 2,64,693              | 1,10,893             | -                              | 1,500                          |
| Less : Options exercised during the year                           | -                     | -                    | -                              | 8,654                          |
| <b>Options Outstanding as at end of the year</b>                   | <b>14,51,448</b>      | <b>3,93,039</b>      | <b>63,075</b>                  | <b>14,656</b>                  |
| - Vested   | 6,94,834              | 1,41,103             | 62,034                         | 13,615                         |
| - Yet to Vest  | 7,56,614              | 2,,51,936            | 1,041                          | 1,041                          |

Employee - wise details of options granted during the year.

1. Key Managerial Personnel :

| Employee Name | Designation                                   | No. of Options Granted till date |
|---------------|---|----------------------------------|
| Ajay Kanwal   | Managing Director and Chief Executive Officer | ESOP : 567647<br>RSU : 61193     |
| Kapil Krishan | Chief Financial Officer                       | ESOP : 21029<br>RSU : 526        |
| Lakshmi R N   | Company Secretary                             | ESOP : 1458                      |

2. Any other employee who received grant of options amounting to 5% or more of options granted during that year : NIL

3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the bank at the time of grant: NIL

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**RATIO OF REMUNERATION TO EACH DIRECTOR :**

Details / Disclosures of Ratio of Remuneration to each Director to the median remuneration of employees is in **ANNEXURE - III**.

23 **LISTING WITH STOCK EXCHANGES:**

The Bank has listed its debt securities (i.e. non-convertible debentures) on the BSE and confirms that it has paid the annual listing fees for the year FY 2020-21.

24 **CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

A report on Corporate Governance as applicable to the Bank is included as a part of this Annual Report (**ANNEXURE IV**).

  
**Ramesh Ramanathan**  
Non-Executive Chairman

  
**Ajay Kanwal**  
MD & CEO

Date : 13-May-2021

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**For the financial year ended on 31.03.2021**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

|    |  |  |
|----|--|--|
| 1. | CIN  | U65923KA2006PLC040028  |
| 2. | Registration Date  | 24-Jul-2006  |
| 3. | Name of the Company  | Jana Small Finance Bank Limited  |
| 4. | Category/Sub-category of the Company                                       | Public Limited Company limited by Shares   |
| 5. | Address of the Registered office & contact details                         | The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru – 560071   |
| 6. | Whether listed company   | No, However, the Non-Convertible Debentures of the Company are listed on the Bombay Stock Exchange   |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | KFin Technologies Private Limited (Earlier known as Karvy Fintech Private Limited,<br>Selenium Tower B, Plot No 31 & 32,<br>Gachibowli, Financial District,<br>Nanakramguda, Serilingampally<br>Hyderabad – 500 032, Telangana State (TS)<br>Ph no. : +91 040 67161602 |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1      | Banking & Financial Services                     | 64191                           | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

| S. No. | Name and Address of the Company | CIN/GLN | Holding /Subsidiary/Associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| 1      | Not applicable                  |         |                               |                  |                    |
| 2      |                                 |         |                               |                  |                    |
| 3      |                                 |         |                               |                  |                    |



IV. **SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
Category-wise Share Holding

**Equity Shares :**

| Category of Shareholders                  | No. of Shares held at the beginning of the year[As on 31-March-2020] |          |          |                   | No. of Shares held at the end of the year[As on 31-March-2021] |          |          |                   | % Change during the year |
|---|--|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
|   | Demat  | Physical | Total    | % of Total Shares | Demat  | Physical | Total    | % of Total Shares |                          |
| <b>A. Promoters</b>                       |  |          |          |                   |  |          |          |                   |                          |
| <b>(1) Indian</b>                         |  |          |          |                   |  |          |          |                   |                          |
| a) Individual/HUF                         | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| b) Central Govt                           | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| c) State Govt(s)                          | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| d) Bodies Corp.                           | 21344374   | -        | 21344374 | 42.08             | 21344374   | -        | 21344374 | 42.08             | 0                        |
| e) Banks / FI                             | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| f) Any other                              | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| <b>Total shareholding of Promoter (A)</b> | 21344374   | -        | 21344374 | 42.08             | 21344374   | -        | 21344374 | 42.08             | 0                        |
| <b>B. Public Shareholding</b>             |  |          |          |                   |  |          |          |                   |                          |
| <b>1. Institutions</b>                    |  |          |          |                   |  |          |          |                   |                          |
| a) Mutual Funds                           | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| b) Banks / FI                             | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| c) Central Govt                           | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| d) State Govt(s)                          | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| e) Venture Capital Funds                  | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| f) Insurance Companies                    | 2914519  | -        | 2914519  | 5.75              | 2914519  | -        | 2914519  | 5.75              | 0                        |
| g) FIIs/Foreign Companies                 | 19480315   | -        | 19480315 | 38.41             | 19234095   | -        | 19234095 | 37.92             | -0.49                    |
| h) Foreign Venture Capital Funds          | -  | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| i) Others (specify) Private Equity Fund   | 141285   | -        | 141285   | 0.28              | 141285   | -        | 141285   | 0.28              | 0                        |

|  |          |   |          |        |          |   |          |        |       |
|--|----------|---|----------|--------|----------|---|----------|--------|-------|
| <b>Sub-total</b>   | 22536119 | - | 22536119 | 44.43  | 22289899 | - | 22289899 | 43.94  | -0.49 |
| <b>(B)(1):-</b>  |          |   |          |        |          |   |          |        |       |
| <b>2. Non-Institutions</b>   |          |   |          |        |          |   |          |        |       |
| a) Bodies Corp.  |          |   |          |        |          |   |          |        |       |
| i) Indian  | 1308753  | - | 1308753  | 2.58   | 1554973  | - | 1554973  | 3.07   | 0.48  |
| ii) Overseas   | -        | - | -        | -      | -        | - | -        | -      | -     |
| b) Individuals   | -        | - | -        | -      | -        | - | -        | -      | -     |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 1939     | - | 1939     | 0.00   | 10593    | - | 10593    | 0.02   | 0.02  |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 234605   | - | 234605   | 0.46   | 234605   | - | 234605   | 0.46   | 0     |
| c) Others (specify)-HUF  | 199958   | - | 199958   | 0.39   | 199958   | - | 199958   | 0.39   | 0     |
| Non Resident Indians   | -        | - | -        | -      | -        | - | -        | -      | -     |
| Overseas Corporate Bodies  | 5092855  | - | 5092855  | 10.04  | 5092855  | - | 5092855  | 10.04  | 0     |
| Foreign Nationals  | -        | - | -        | -      | -        | - | -        | -      | -     |
| Clearing Members   | -        | - | -        | -      | -        | - | -        | -      | -     |
| Trusts   | -        | - | -        | -      | -        | - | -        | -      | -     |
| Foreign Bodies - D R   | -        | - | -        | -      | -        | - | -        | -      | -     |
| <b>Sub-total (B)(2):-</b>  | 6838110  | - | 6838110  | 13.48  | 7092984  | - | 7092984  | 13.98  | 0.53% |
| Total Public Shareholding (B)=(B)(1)+(B)(2)                                      | 29374229 | - | 29374229 | 57.92  | 29382883 | - | 29382883 | 57.92  | 0.00% |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | -        | - | -        | -      | -        | - | -        | -      | -     |
| <b>Grand Total (A+B+C)</b>   | 50718603 | - | 50718603 | 100.00 | 50727257 | - | 50727257 | 100.00 | 0.00% |



|  |              |   |              |        |              |   |              |        |   |
|--|--------------|---|--------------|--------|--------------|---|--------------|--------|---|
| <b>2. Non-Institutions</b>   |              |   |              |        |              |   |              |        |   |
| a) Bodies Corp.  |              |   |              |        |              |   |              |        |   |
| i) Indian  | 15,00,00,000 | - | 15,00,00,000 | 100.00 | 15,00,00,000 | - | 15,00,00,000 | 100.00 | - |
| ii) Overseas   | -            | - | -            | -      | -            | - | -            | -      | - |
| b) Individuals   | -            | - | -            | -      | -            | - | -            | -      | - |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | -            | - | -            | -      | -            | - | -            | -      | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | -            | - | -            | -      | -            | - | -            | -      | - |
| c) Others (specify)-HUF  | -            | - | -            | -      | -            | - | -            | -      | - |
| Non Resident Indians   | -            | - | -            | -      | -            | - | -            | -      | - |
| Overseas Corporate Bodies  | -            | - | -            | -      | -            | - | -            | -      | - |
| Foreign Nationals  | -            | - | -            | -      | -            | - | -            | -      | - |
| Clearing Members   | -            | - | -            | -      | -            | - | -            | -      | - |
| Trusts   | -            | - | -            | -      | -            | - | -            | -      | - |
| Foreign Bodies - D R   | -            | - | -            | -      | -            | - | -            | -      | - |
| <b>Sub-total (B)(2):-</b>  | 15,00,00,000 | - | 15,00,00,000 | 100.00 | 15,00,00,000 | - | 15,00,00,000 | 100.00 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2)                                      | 15,00,00,000 | - | 15,00,00,000 | 100.00 | 15,00,00,000 | - | 15,00,00,000 | 100.00 | - |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | -            | - | -            | -      | -            | - | -            | -      | - |
| <b>Grand Total (A+B+C)</b>   | 15,00,00,000 | - | 15,00,00,000 | 100.00 | 15,00,00,000 | - | 15,00,00,000 | 100.00 | - |

**B) Shareholding of Promoter-**

| SN | Shareholder's Name    | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|----|-----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|    |                       | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1  | Jana Holdings Limited | 21344374                                  | 42.08                            | 1.89   | 21344374                            | 42.08                            | 1.89   | 0  |

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

| SN | Particulars   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----|---|---|----------------------------------|---|----------------------------------|
|    |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year  | 21344374                                  | 42.08                            | 21344374                                | 42.08                            |
|    | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | NIL                                       | NIL                              | NIL                                     | NIL                              |
|    | At the end of the year  | 21344374                                  | 42.08                            | 21344374                                | 42.08                            |

**D) Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|----|-------------------------------------|---|----------------------------------|---|----------------------------------|
|    |                                     | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |

|  |   |                           |  |  |  |
|--|---|---------------------------|--|--|--|
|  | At the beginning of the year  | <b>Refer Attachment A</b> |  |  |  |
|  | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): |                           |  |  |  |
|  | At the end of the year  |                           |  |  |  |

**V) Shareholding of Directors and Key Managerial Personnel:**

| SN | Shareholding of each Directors and each Key Managerial Personnel  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the Year |                                  |
|----|---|---|----------------------------------|---|----------------------------------|
|    |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|    | At the beginning of the year  | <b>NIL</b>                                |                                  |   |                                  |
|    | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): |   |                                  |   |                                  |
|    | At the end of the year  |   |                                  |   |                                  |

**INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

**Rupees in crores**

| Particulars   | Secured Loans excluding deposits | Unsecured Loans | Total Indebtedness |
|---|----------------------------------|-----------------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |                    |
| i) Principal Amount                                 | 1,307.36                         | 2,707.20        | 4,014.56           |
| ii) Interest due but not paid                       | -                                | -               | -                  |
| iii) Interest accrued but not Due                   | 10.27                            | 57.76           | 68.03              |
| Total (i+ii+iii)                                    | 1,317.63                         | 2,764.96        | 4,082.59           |
| Change in Indebtedness during the financial year    |                                  |                 |                    |
| · Addition  | 20,736.26                        | 32,903.00       | 53,639.26          |
| · Addition - conversion from secured to unsecured   | -                                | -               | -                  |
| · Reduction   | 21,079.82                        | 30,868.80       | 51,948.62          |

|  |          |          |          |
|--|----------|----------|----------|
| • Reduction - conversion from secured to unsecured | -        | -        | -        |
| Net Change   | (343.56) | 2,034.20 | 1,690.64 |
| Indebtedness at the end of the financial year      |          |          |          |
| i) Principal Amount                                | 963.80   | 4,741.40 | 5,705.20 |
| ii) Interest due but not paid                      | -        | -        | -        |
| iii) Interest accrued but not due                  | 2.46     | 64.34    | 66.80    |
| Total (i+ii+iii)                                   | 966.26   | 4,805.74 | 5,772.00 |

Note : Section 73 (1) of the Companies Act, 2013, states that the provisions of the said Act relating to acceptance of deposits by companies do not apply to a Banking company as defined in the Reserve Bank of India Act, 1934. Accordingly, information relating to the Bank's deposits is not disclosed in the table above. As per the applicable provisions of the Banking Regulation Act, 1949, details of the Bank's deposits have been included under Schedule 3 - Deposits, in the financial statements of the Bank.

### Debentures

| Type of Debentures                            | No. of Debentures    | Nominal Value per Debentures (Rs.)    | Total Nominal value of Debentures [Rs. In crore] |
|---|----------------------|---------------------------------------|--|
| Non-convertible ( for each type):-            |                      |                                       |  |
| At the beginning of the year                  | 8,186                | 7,510 units at FV 10,00,000           | 1,427.00   |
|   |                      | 676 units at FV 1,00,00,000           |  |
| Changes during the year (Increase/Redemption) | Increase :<br>NIL    | NIL                                   | -  |
|   | Redemption:<br>1,176 | Redemption 500 units of FV 10,00,000  | 726.00   |
|   |                      | Redemption 676 units of FV 100,00,000 |  |
| At the end of the year                        | 7,010                | 7,010 units at FV 10,00,000           | 701  |
| Partly-convertible ( for each type)           | NA                   | NA                                    | NA   |
| At the beginning of the year                  |                      |                                       |  |
| Changes during the year (Increase/Redemption) |                      |                                       |  |

|   |   |                                       |             |
|---|---|---------------------------------------|-------------|
| At the end of the year                        |   |                                       |             |
| Fully-convertible ( for each type)            | NA  | NA                                    | NA          |
| At the beginning of the year                  |   |                                       |             |
| Changes during the year (Increase/Converted)  |   |                                       |             |
| At the end of the year                        |   |                                       |             |
| Total Amount of Debentures                    |   |                                       |             |
| At the beginning of the year                  | 8,186                                     | 7,510 units at FV 10,00,000           | 1,427.00    |
|   |   | 676 units at FV 1,00,00,000           |             |
| Changes during the year (Increase/Redemption) | Increase :<br>NIL                         | NIL                                   | -           |
|   | Increase :<br>NIL<br>Redemption:<br>1,176 | NIL                                   | -<br>726.00 |
|   |   | Redemption 500 units of FV 10,00,000  |             |
|   |   | Redemption 676 units of FV 100,00,000 |             |
| At the end of the year                        | 7,010                                     |                                       | 701.00      |
|   |   | 701 units at FV 10,00,000             |             |

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration   | Name of MD/WTD/ Manager   | Total Amount |
|-----|---|---------------------------|--------------|
|     |   | Ajay Kanwal<br>(MD & CEO) |              |
| 1   | Gross salary  |                           |              |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5,57,62,024               | 5,57,62,024  |



|  |  |           |           |          |          |          |           |
|--|--|-----------|-----------|----------|----------|----------|-----------|
| Total<br>(B)=(1+2)   | 2,00,000   | 14,75,000 | 10,75,000 | 8,50,000 | 7,00,000 | 7,25,000 | 50,25,000 |
| Overall Ceiling as per the Act (sitting fees not to exceed Rs. 1,00,000 per meeting) | The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of Rs.1,00,000/- per meeting as prescribed under the Companies Act, 2013. |           |           |          |          |          |           |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD [\*Please note that the salary of CEO is already provided under section VII A and in our Bank MD holds the position of CEO also]

| SN | Particulars of Remuneration   | Key Managerial Personnel |             |           |             |
|----|---|--------------------------|-------------|-----------|-------------|
|    |   | CEO *                    | CFO         | CS        | Total       |
| 1  | Gross salary  | -                        | -           | -         | -           |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | -                        | 1,23,08,336 | 22,87,974 | 1,45,96,310 |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | -           | -         | -           |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                        | -           | -         | -           |
| 2  | Stock Option  | -                        | -           | -         | -           |
| 3  | Sweat Equity  | -                        | -           | -         | -           |
| 4  | Commission  | -                        | -           | -         | -           |
|    | - as % of profit  | -                        | -           | -         | -           |
|    | others, specify...  | -                        | -           | -         | -           |
| 5  | Others, please specify (Employer PF Contribution)                                   | -                        | -           | -         | -           |
|    | Total   | -                        | -           | 1,11,582  | 1,11,582    |
|    |   |                          | 1,23,08,336 | 23,99,556 | 1,47,07,892 |

|   |  |             |             |
|---|--|-------------|-------------|
|   | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961*               | 39,600      | 39,600      |
|   | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | -           | -           |
| 2 | Stock Option   | -           | -           |
| 3 | Sweat Equity   | -           | -           |
| 4 | Commission<br>- as % of profit<br>- others, specify...                 | -           | -           |
| 5 | Others, please specify   |             |             |
|   | Car EMI  | 12,54,468   | 12,54,468   |
|   | Employer PF Contribution   | 20,60,820   | 20,60,820   |
|   | Total (A)  | 5,90,77,312 | 5,90,77,312 |
|   | Ceiling as per the Act   | NA          | NA          |

**Note** - Value of the Perquisites is not included in the Total amount (A).

**B. Remuneration to other directors**

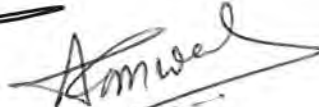
| SN. | Particulars of Remuneration                | Name of Directors |                   |               |               |                |              | Total Amount |
|-----|--|-------------------|-------------------|---------------|---------------|----------------|--------------|--------------|
| 1   | Independent Directors                      | Vikram Gandhi     | Vijayalatha Reddy | R. Ramaseshan | Chitra Talwar | Eugene Karthak | P R Seshadri |              |
|     | Fee for attending board committee meetings | 2,00,000          | 9,25,000          | 10,75,000     | 8,50,000      | 7,00,000       | 7,25,000     | 44,75,000    |
|     | Commission                                 | -                 | -                 | -             | -             | -              | -            | -            |
|     | Others, please specify                     | -                 | -                 | -             | -             | -              | -            | -            |
|     | Total (1)                                  | 2,00,000          | 9,25,000          | 10,75,000     | 8,50,000      | 7,00,000       | 7,25,000     | 44,75,000    |
| 2   | Other Non-Executive Directors              | Ramesh Ramanathan | Rahul Khosla      |               |               |                |              |              |
|     | Fee for attending board committee meetings | -                 | 5,50,000          |               |               |                |              | 5,50,000     |
|     | Commission                                 | -                 | -                 |               |               |                |              | -            |
|     | Others, please specify                     | -                 | -                 |               |               |                |              | -            |
|     | Total (2)                                  | -                 | 5,50,000          |               |               |                |              | 5,50,000     |

**VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

| Type                                      | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|---|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. COMPANY - NIL</b>                   |                              |                   |  |                               |                                    |
| Penalty                                   |                              |                   |  |                               |                                    |
| Punishment                                |                              |                   |  |                               |                                    |
| Compounding                               |                              |                   |  |                               |                                    |
| <b>B. DIRECTORS - NIL</b>                 |                              |                   |  |                               |                                    |
| Penalty                                   |                              |                   |  |                               |                                    |
| Punishment                                |                              |                   |  |                               |                                    |
| Compounding                               |                              |                   |  |                               |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT - NIL</b> |                              |                   |  |                               |                                    |
| Penalty                                   |                              |                   |  |                               |                                    |
| Punishment                                |                              |                   |  |                               |                                    |
| Compounding                               |                              |                   |  |                               |                                    |



**Ramesh Ramapathan**  
Non - Executive Chairman



**Ajay Kanwal**  
MD & CEO

Date : 13-May-2021

## Attachment A

## Jana Small Finance Bank Limited

Shareholding Pattern as on 31-Mar-2021 and 31-Mar-2020 (Top 10 shareholders other than directors, promoters, GDRs and ADRs)

| Sr No. | Shareholder                                       | No of Shares (31-Mar-2020) | % holding | Allotment | Transfers | No of Shares (31-Mar-2021) | % holding |
|--------|---|----------------------------|-----------|-----------|-----------|----------------------------|-----------|
| 1      | TPG Asia VI SF Pte. Ltd                           | 50,26,499                  | 9.91%     | -         | -         | 50,26,499                  | 9.91%     |
| 2      | North Haven Private Equity Asia Platinum Pte. Ltd | 41,47,427                  | 8.18%     | -         | -         | 41,47,427                  | 8.18%     |
| 3      | Amansa Holdings Pte. Ltd                          | 31,54,275                  | 6.22%     | -         | -         | 31,54,275                  | 6.22%     |
| 4      | HarbourVest Partners Co-Investment Fund IV L.P.   | 22,66,940                  | 4.47%     | -         | -         | 22,66,940                  | 4.47%     |
| 5      | Client Rosehill Limited                           | 17,57,755                  | 3.47%     | -         | -         | 17,57,755                  | 3.47%     |
| 6      | Alpha TC Holdings Pte Ltd                         | 17,48,975                  | 3.45%     | -         | -         | 17,48,975                  | 3.45%     |
| 7      | Treeline Asia Master Fund (Singapore) Pte. Ltd.   | 16,52,101                  | 3.26%     | -         | -         | 16,52,101                  | 3.26%     |
| 8      | ICICI Prudential Life Insurance Company Ltd       | 11,07,639                  | 2.18%     | -         | -         | 11,07,639                  | 2.18%     |
| 9      | Bajaj Allianz Life Insurance Company Ltd          | 10,84,128                  | 2.14%     | -         | -         | 10,84,128                  | 2.14%     |
| 10     | QRG Enterprises Limited                           | 9,86,216                   | 1.94%     | -         | -         | 9,86,216                   | 1.94%     |



**Ramesh Ramanathan**  
Non Executive Chairman



**Ajay Kanwal**  
MD & CEO

Date : 13-May-2021

## FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

1. Details of contracts or arrangements or transactions not at arm's length basis : All Related Party Transactions are at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis

(i)

(a) Name(s) of the related party and nature of relationship : Jana Capital Limited and Mr. Ramesh Ramanathan, Director & Non-Executive Chairman of the Board is also a Director & Chairman in that Company.

(b) Nature of contracts/arrangements/transactions : Service Provider Agreement

(c) Duration of the contracts/arrangements/transactions : For three years, Starts from 2-Mar-2018.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The agreement is for availing services of Jana Small Finance Bank Limited for managing the Corporate related matters and regulatory/statutory related matters of the Company inter alia the services of Principle Officer under the provisions of Prevention of Money Laundering (PML) Act, and rules.

(e) Date(s) of approval by the Board, if any: 27<sup>th</sup> March 2018.

(f) Amount paid as advances, if any: Nil

(ii)

(a) Name(s) of the related party and nature of relationship : Jana Holdings Limited and Mr. Ramesh Ramanathan, Director & Non-Executive Chairman of the Board is also a Director & Chairman in that Company.

(b) Nature of contracts/arrangements/transactions : Service Provider Agreement

(c) Duration of the contracts/arrangements/transactions : For three years, Starts from 2-Mar-2018.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The agreement is for availing services of Jana Small Finance Bank Limited for managing the Corporate related matters and regulatory/statutory related matters of the Company inter alia the Company Secretarial services and the services of Principle Officer under the provisions of Prevention of Money Laundering (PML) Act, and rules.

(e) Date(s) of approval by the Board, if any: 27<sup>th</sup> March 2018.

(f) Amount paid as advances, if any: Nil

(iii)

(a) Name(s) of the related party and nature of relationship : Jana Urban Foundation and Mr. Ramesh Ramanathan, Director & Non-Executive Chairman of the Board is also a Director & Chairman in that Company.

(b) Nature of contracts/arrangements/transactions : Trademark Licence Agreement

(c) Duration of the contracts/arrangements/transactions : Perpetuity, effective from 1-Nov-2019

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

The licence agreement is for usage of "J" Logo and word "JANA" by the Bank which is owned by Jan Urban Foundation

(e) Date(s) of approval by the Board, if any: 24<sup>th</sup> October 2019

(f) Amount paid as advances, if any: Nil



**Ramesh Ramanathan**  
Non Executive Chairman



**Ajay Kanwal**  
MD & CEO

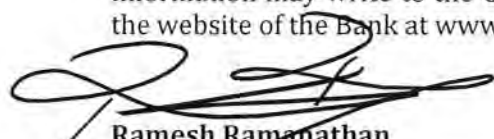
**Date : 13-May-2021**

**ANNEXURE - III**

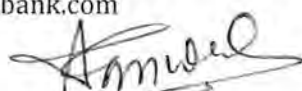
|   |  |
|---|--|
| (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;   | MD&CEO - 5,70,16,492 / 2,23,678<br>All Employee Median (2,23,678) - Median amount of annualised Fixed pay for all employees  |
| (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;   | MD&CEO: (18.37) - The increase in cost vis-à-vis previous year is on account of arrears amount paid in this FY (i.e. Oct 2020) basis the approval from RBI<br>CS: (-0.85%) - Reduction in cost is on account of less bonus paid.<br>CFO: (22.21% ) This represents 2 CFO's salary in the previous year (19-20) as against CFO's salary in the current year (2020-2021) at different costs. |
| (iii) The percentage increase in the median remuneration of employees in the financial year;  | (223678- 206000) / 206000= 8.58%   |
| (iv) The number of permanent employees on the rolls of company;   | 16819 (as on 31st March 2021)  |
| (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Jana Small Finance Bank compensation policy has a target for compensation benchmarking at median or above for employees.   |
| (vi) Affirmation that the remuneration is as per the remuneration policy of the company.  | Yes  |

**STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY:**

Particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms a part of this report. Considering first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the said information, was sent to the members of the Bank and others entitled thereto. The said information is available for inspection at the registered office of the Bank during working hours up to the date of ensuing annual general meeting. Any member interested in obtaining such information may write to the Company Secretary in this regard. The said information is also available on the website of the Bank at [www.janabank.com](http://www.janabank.com)



**Ramesh Ramanathan**  
Non Executive Chairman  
Date : 13-May-2021



**Ajay Kanwal**  
MD & CEO

**REPORT ON CORPORATE GOVERNANCE****CORPORATE GOVERNANCE PHILOSOPHY**

The Bank is committed to ensure high standards of transparency and accountability in all its activities. Best management practices and high levels of integrity in decision making are diligently followed to ensure sustained wealth generation and creation of value for all stakeholders. The Bank adheres to all principles of corporate governance in its true spirit and at all times.

**BOARD OF DIRECTORS****Composition**

The Board consists of 9 Directors as on 31<sup>st</sup> March 2021. All independent directors possess requisite qualifications and are very experienced in their respective fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other committee membership of each Director as on 31<sup>st</sup> March 2021 is given below:

**Board Meetings and Attendance at Board Meetings**

The Board met ten times during the financial year 2020-21. The Board of Directors of the Bank had met regularly and the gap between two meetings did not exceed one hundred and twenty days, as per the provisions of the Companies Act, 2013.

The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Managing Director & CEO appraises the Board on the overall performance of the Bank at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy of the Bank and ensures financial stability. The Board takes on record the actions taken by the Bank on all its decisions periodically.

**Attendance of each Director at Board Meetings**

| S.No | Name              | No. of Board Meetings held | No. of Board Meetings attended |
|------|-------------------|----------------------------|--------------------------------|
| 1    | Ramesh Ramanathan | 6                          | 6                              |
| 2    | Ajay Kanwal       | 6                          | 6                              |
| 3    | Vikram Gandhi     | 6                          | 2                              |



efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Bank. The committee reviews compliance with legal and statutory requirements, quarterly, half yearly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of the internal auditor and the statutory auditor. The committee also looks into those matters specifically referred to it by the Board.

Statutory auditors were present at the audit committee meetings held on 4-May-2020;13-Aug-2020;6-Nov-2020 and 10-Feb-2021

The committee comprised the following directors for the year ended 31st March 2021:

Mr. Eugene Karthak (Committee Chairman)  
Mr. R. Ramaseshan  
Mr. Ramesh Ramanathan  
Mr. Vikram Gandhi  
Mr. P. R. Seshadri  
Mr. Rahul Khosla

The Audit & Compliance committee met 7 (Seven) times during the financial year, on 4-May-2020; 12-May-2020; 12-Aug-2020; 13-Aug-2020; 5-Nov-2020; 6-Nov-2020 and 10-Feb-2021

**The terms of reference of the Committee :**

The Committee is governed by the terms of reference specified by Companies Act 2013, RBI circulars issued from time to time & the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank has adopted the terms of reference for the Committee from the three regulators which are listed as Annexure I, II and III to this Charter.

**Annexure I**

(A) As per the provision of Section 177 of the Companies Act, 2013, the Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

|    |   |   |   |
|----|---|---|---|
| 4  | Vijayalatha Reddy                                       | 6 | 6 |
| 5  | R. Ramaseshan   | 6 | 6 |
| 6  | Chitra Talwar   | 6 | 6 |
| 7  | Puneet Bhatia (resigned on 6 <sup>th</sup> August 2020) | 2 | 2 |
| 8  | Eugene Karthak (joined on 2 <sup>nd</sup> July 2020)    | 4 | 4 |
| 9  | P R Seshadri (joined on 2 <sup>nd</sup> July 2020)      | 4 | 4 |
| 10 | Rahul Khosla (joined on 30 <sup>th</sup> Sep 2020)      | 2 | 2 |

**Attendance of each Director at Board Meetings (at shorter notice) :**

| S.No | Name  | No. of Board Meetings held | No. of Board Meetings attended |
|------|---|----------------------------|--------------------------------|
| 1    | Ramesh Ramanathan                                       | 4                          | 4                              |
| 2    | Ajay Kanwal   | 4                          | 2*                             |
| 3    | Vikram Gandhi   | 4                          | 1                              |
| 4    | Vijayalatha Reddy                                       | 4                          | 3                              |
| 5    | R. Ramaseshan   | 4                          | 3                              |
| 6    | Chitra Talwar   | 4                          | 4                              |
| 7    | Puneet Bhatia (resigned on 6 <sup>th</sup> August 2020) | 0                          | 0                              |
| 8    | Eugene Karthak (joined on 2 <sup>nd</sup> July 2020)    | 4                          | 3                              |
| 9    | P R Seshadri (joined on 2 <sup>nd</sup> July 2020)      | 4                          | 4                              |
| 10   | Rahul Khosla (joined on 30 <sup>th</sup> Sep 2020)      | 4                          | 3                              |

\*Ajay Kanwal did not attend two board meetings as being an interested party to the meeting

**AUDIT AND COMPLIANCE COMMITTEE**

The committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the Bank. The terms of reference of the committee covers all matters specified in section 177 of the Companies Act, 2013 and as required by the Reserve Bank of India. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the

The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

The Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

## Annexure II

(B) Terms of Reference as per RBI Circular issued from time to time are as below:

### Quarterly

Exposure to sensitive sectors i.e. capital market & real estate.

- KYC / AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
- Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts
- Review of compliance in respect of the Annual Financial Inspection conducted by RBI and any other inspection conducted by any regulators (ACB should review this on ongoing basis till the bank furnishes full compliance. ACB should closely monitor persisting deficiencies pointed out in RBI Inspection Reports )
- Review of Audit plan and status of achievement thereof.
- Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S. Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices / Head Offices (vii) Audit of Service Branches (viii) Currency Chest (ix) FEMA Audit of branches authorized to deal in foreign exchange, etc.
- Compliance report on directives issued by ACB / Board / RBI.
- Report on compliance of clause 49 and other guidelines issued by SEBI from time to time.
- Report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches.
- Review of Frauds (frauds of Rs.1 crore and above to be reviewed as and when reported).
- Review of financial results for the quarter
- Review of information on violations by various functionaries in the exercise of discretionary powers.
- Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.
- Review First Year Audit Committee minutes and give recommendations.

### Half Yearly

- Status of implementation of Ghosh and Jilani Committee reports

- Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.

#### Annual

- Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines.
- Review of IS Audit Policy
- Review of transactions with related parties
- Review of accounting policies / systems of the bank with a view to ensuring greater transparency in the bank's accounts and adequacy of accounting standards.
- Review of adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Review of the bank's financial and risk management policies.
- Review of annual accounts of the bank.
- Appointment of statutory auditors and review of performance - both for domestic and overseas operations.
- Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures
- Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.

#### Annexure III

(C) As per the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the role of the Audit Committee and review of information by Audit Committee is as under below :

- (1) oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;

(5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the committee.

(6) statement of deviations as and when becomes applicable: {Need to review once the Bank get listed}

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI (LODR) Regulations, 2015.

#### Compliance Charter for the Audit and Compliance Committee of the Board (ACB)

| Sl. No | Particulars  | Frequency           |
|--------|--|---------------------|
| 1      | Report on compliance breaches/failures, if any     | Quarterly, Annually |
| 2      | Review of the annual compliance risk assessment    | Annually            |
| 3      | Review of the implementation of KYC-AML guidelines | Quarterly           |

#### NOMINATION AND REMUNERATION COMMITTEE

The Committee comprised the following Directors for the year ended 31st March 2021:

Mr. R. Ramaseshan (Committee Chairman)

Mr. Ramesh Ramanathan

Ms. Vijayalatha Reddy

Ms. Chitra Talwar

Mr. Eugene Karthak

Mr. Rahul Khosla

The committee met 7 (Seven) times in the financial year, on 4-May-2020; 12-May-2020; 30-July-2020; 5-Nov-2020;10-Feb-2021; 12-Feb-2021; 16-Feb-2021

#### The terms of reference of the Committee shall, inter alia, include

- a. Formulating the criteria for determining qualifications, compliance with the fit and proper criteria as required under the Reserve Bank of India Guidelines for Licensing of Small Finance Banks in the Private Sector, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain directors
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to directors, key managerial personnel and material risk indicators involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals and in accordance with extant guidelines of the RBI

- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Bank with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Bank, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (18) periodic inspection report submitted by the RBI and Certificates/returns/reports to the RBI pertaining to the Audit Committee function
- (19) annual Tax Audit statement and auditors report thereon
- (20) to review the functioning of the whistle blower mechanism;
- (21) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (22) to ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Bank.
- (23) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and

- b. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;
- c. To ensure 'fit and proper' status of proposed/existing Directors;
- d. Devising a policy on diversity of Board of Directors;
- e. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Bank shall disclose the remuneration policy and the evaluation criteria in its annual report;
- f. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- g. Recommending to the board, all remuneration, in whatever form, payable to whole time directors and material risk takers.
- h. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Bank
- i. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and
- j. Performing such other functions as may be necessary or appropriate for the performance of its duties.

The role of the Nomination and Remuneration Committee:

**Nomination:**

- Making recommendations to the Board on the necessary and desirable competencies of directors to ensure that the Board has an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and deliver the Company's corporate objectives;
- At the request of the Board, making recommendations for the appointment and re-election of directors;
- Prior to recommending a candidate for appointment to the Board, undertaking checks as to a candidate's character, experience, education, criminal record and bankruptcy history and any other checks it considers appropriate;
- Establishing and, at the request of the Board, reviewing induction programs for new directors and continuing education programs for all directors in order to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of: - the industry within which the Company operates; - the Company's financial, strategic, operational and risk management position; - the culture and values of the Company; - the rights, duties and responsibilities of the directors; - the roles and responsibilities of the Company's senior management and its subsidiaries; - the role of the Committees; - meeting arrangements; and - director interaction with each other, senior executives and other stakeholders;
- Regularly reviewing the time commitment required from a non-executive director and whether non-executive directors are meeting this requirement;
- Evaluating the performance of the Board, its Committees and directors in line with the processes approved by the Board from time to time;

- Developing, implementing and reviewing the Company's succession plans for membership of the Board to ensure: - an appropriate balance of skills, experience expertise and diversity; and - an appropriate structure and composition of the Board;
- Ensuring that all non-executive directors: - specifically acknowledge to the Company prior to being submitted for election or re-election that they will have sufficient time to meet what is expected of them; and inform the Chairman of the Company and the Committee before accepting any new appointments as directors of other companies; and
- Making recommendations to the Board in respect of the membership and chairmanship of the Audit & Compliance Committee and Risk Management Committee.

#### Remuneration:

- Determining and agreeing with the Board a framework or broad policy for the remuneration of the Managing Director and such other senior executives as it is designated by the Board to consider. No individual shall be directly involved in deciding his or her own remuneration;
- In determining such policy, taking into account all factors which it deems necessary. The objective of such policy shall be to ensure that senior executives of the Company are motivated to pursue the long-term growth and success of the Company within an appropriate control framework and that there is a clear relationship between senior executive performance and remuneration;
- Within the terms of the agreed policy, determining the total individual remuneration package of each senior executive ensuring an appropriate balance between fixed and incentive pay including, where appropriate, bonuses, incentive payments and shares or share options to reflect the short and long-term performance objectives appropriate to the Company's circumstances and goals;
- Determining the Company's recruitment, retention and termination policies and procedures for senior executives;
- Determining the policy for any incentive schemes to be operated by the Company and asking the Board, when appropriate, to seek shareholder approval for such schemes. The terms of any equity based remuneration schemes shall prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under these schemes;
- Determining the policy for superannuation arrangements for the Company's employees;
- Determining a framework or broad policy for the remuneration of the non-executive directors of the Company;
- Reviewing and reporting to the Board on the remuneration of directors, senior executives and all employees of the Company based on gender; and
- Reviewing and approving the corporate governance section of the Company's annual report.

#### Diversity:

- Ensuring that all decisions, frameworks and policies regarding nomination and remuneration are made giving regard to the Company's objectives in respect of promoting and maintaining diversity throughout the Company and on the Board;
- Reviewing, developing and making recommendations to the Board and, in particular, establishing measurable objectives to promote and maintain diversity throughout the Company and on the Board; and



- On at least an annual basis, reviewing and reporting to the Board on: - the Company's progress against the measurable objectives set by the Board for achieving greater gender diversity; and - the Company's compliance with the Diversity Policy, and where necessary, making recommendations to the Board on any changes to the Diversity Policy or the measurable objectives for achieving greater gender diversity.

#### **RISK MANAGEMENT COMMITTEE:**

The Bank has constituted a Risk Management Committee with the following directors:

Mr. Rahul Khosla - Committee Chairman  
Mr. Vikram Gandhi - Member  
Mr. Ajay Kanwal - Member  
Mr. R. Ramaseshan - Member  
Mr. Vijayalatha Reddy - Member  
Mr. Eugene Karthak - Member  
Mr. P. R. Seshadri - Member

The Committee met 4 times during the year under review. The dates of the meeting were 12-May-2020;12-Aug-2020;5-Nov-2020 and 10-Feb-2021.

#### **Terms of reference of the Committee:**

The Committee of the Bank will be governed by the terms of reference as specified by SEBI LODR Regulations and applicable provisions of Banking Regulation Act, 1949 (As amended), applicable RBI guidelines/ circulars/ notifications issued from time to time and any other applicable law or enactment for the time being in force and issued by Board from time to time.

- a. To ensure that all the current and future material risk exposures of the Bank are assessed, identified, quantified, appropriately mitigated and managed;
- b. To establish a framework for the risk management process and to ensure its implementation in the Bank;
- c. To ensure that the Bank is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- d. Review and recommend changes, from time to time, to the Risk Management plan and/ or associated frameworks, processes and practices of the Bank;
- e. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
- f. Perform other activities related to this charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
- g. Evaluate overall risks faced by the bank and determining the level of risks which will be in the best interest of the bank.
- h. Identify, monitor and measure the risk profile of the bank.
- i. Develop policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks.
- j. Design stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by the risk measures.
- k. Monitor compliance of various risk parameters by operating Departments.

- l. Review the outsourcing functions of the Bank
- m. Review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy).
- n. Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Bank has constituted a Corporate Social Responsibility Committee with the following directors:

Mrs. Chitra Talwar - Committee Chairman

Ms. Vijayalatha Reddy - Member

Mr. Ramesh Ramanathan - Member

Mr. Ajay Kanwal - Member

Mr. Rahul Khosla - Member

The Committee did not meet during the year under review.

#### **The terms of reference of the committee include:**

- a. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Bank in areas or subject specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
- b. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Bank in the three immediately preceding financial years;
- c. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Bank;
- d. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- e. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- f. Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required; and
- g. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Bank."

#### **INFORMATION TECHNOLOGY STRATEGY COMMITTEE:**

The Bank has constituted an Information Technology Strategy Committee with the following directors:

Ms. Vijayalatha Reddy - (Committee Chairman)

Mr. Ramesh Ramanathan - Member

Mr. Ajay Kanwal - Member

Mr. Vikram Gandhi - Member

Mr. R. Ramaseshan

The Committee met 4 times during the year under review. The dates of the meeting were 12-May-2020; 12-Aug-2020; 5-Nov-2020 and 10-Feb-2021.

**Terms of reference:**

The Committee is governed by the terms of reference as specified by RBI circulars issued from time to time.

1. To approve IT strategy and policy documents
2. To ensure that management has an effective strategic planning process
3. To ensure that IT strategy is aligned with business strategy
4. To ensure that investments in Information Technology represent a balance of risks and benefits for sustaining Bank's growth and within the acceptable budget.
5. To monitor IT resources required to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
6. To oversee implementation of processes and practices and ensuring that maximum value is delivered to business
7. To ensure that all critical projects have a component for 'project risk management' from IT perspective (by defining project success measures and following up progress on IT projects).
8. To define and ensure effective implementation of standards of IT Governance, Business Continuity and Data Governance.
9. To ensure that there is an appropriate framework of information security risk assessment within the Bank.

**CUSTOMER SERVICE COMMITTEE :**

The Bank has constituted a Customer Service Committee with the following directors:

Ms. Chitra Talwar (Committee Chairman)

Mr. Ajay Kanwal (Committee Chairman)

Mr. Vikram Gandhi - Member

Ms. Vijayalatha Reddy - Member

Mr. P R Seshadri - Member

The Committee met 4 times during the year under review. The dates of the meeting were 12-May-2020; 12-Aug-2020; 5-Nov-2020 and 10-Feb-2021.

The terms of reference of the Customer Service Committee include:

- 1) To review the level of customer service in the Bank including customer complaints and the nature of their resolution;
- 2) To provide guidance in improving the level of customer service;
- 3) To ensure that the Bank provides and continues to provide best-in-class services across all its category of customers to help the Bank in protecting and growing its brand equity;

- 4) To formulate a comprehensive Deposit Policy incorporating issues such as death of a depositor for operations of his/her accounts, annual survey of depositor satisfaction, product approval process and triennial audit of customer services;
- 5) To oversee the functioning of the internal committee for customer service;
- 6) To evolve innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers.
- 7) To ensure implementation of directives received from RBI with respect to rendering of services to Bank customers

The key roles & responsibilities of the Committee are provided below:

1. Approving the various policies that relate to customer service; examples thereof include and are not limited to:

- Comprehensive Deposit Policy
- Cheque Collection Policy
- Customer Compensation Policy
- Customer Grievance Redressal Policy

2. Reviewing metrics and indicators that provide information on the state of customer service in the Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics;

3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches;

4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience;

5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness;

6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:

- Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies;
- Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action;

7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed;

8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis;

#### **COMMITTEE FOR MONITORING LARGE VALUE FRAUDS**

The Bank has constituted a Committee for monitoring large value frauds with the following directors:

Mr. Ramesh Ramanathan (Committee Chairman)

Mr. Ajay Kanwal - Member

Mr. R Ramaseshan – Member  
Mrs. Chitra Talwar – Member  
Mr. P R Seshadri - Member

The Committee did not meet during the year under review.

**The terms of reference of the Committee are as under:**

- a. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- b. Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI;
- c. Monitor progress of CBI / Police Investigation and recovery position;
- d. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
- e. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- f. Put in place other measures as may be considered relevant to strengthen detective and preventive measures against frauds;

**CREDIT COMMITTEE**

The Bank has constituted a Credit Committee with the following directors:

Mr. P R Seshadri (Committee Chairman)  
Mr. Vikram Gandhi - Member  
Mrs. Chitra Talwar - Member  
Mr. Eugene Karthak – Member  
Mr. Rahul Khosla – Member

The Committee met 4 times during the year under review. The dates of the meeting were 12-May-2020; 12-Aug-2020; 5-Nov-2020 and 10-Feb-2021.

**The terms of reference of the Committee are as under:**

- 1) Review credits approved by the Credit Approval Committee of the Bank under its authority
- 2) Approve credits beyond the authority of the Credit Approval Committee of the Bank.

**WILLFUL DEFAULTERS COMMITTEE**

The Bank has constituted a Willful Defaulters Committee with the following directors:

Mr. Ajay Kanwal - Committee Chairman  
Mr. R. Ramaseshan - Member  
Mrs. Chitra Talwar - Member

Mr. Eugene Karthak – Member

The Committee did not meet during the year under review.

**The terms of reference of the Committee are as under:**

The Committee of the Bank will be governed by the terms of reference as specified by RBI Circular issued from time to time and issued by Board from time to time.

- To review the order of the executive level committee that identifies accounts to be reported as willful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee.

**IPO COMMITTEE**

The Bank has constituted an IPO Committee with the following directors:

Mr. Rahul Khosla - Committee Chairman  
Mr. Ramesh Ramanathan - Member  
Mr. Ajay Kanwal – Member

The Committee met once during the year under review. The date of the meeting was 31-Mar-2021.

**The terms of reference of the Committee are as under:**

- a. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the RBI, SEBI, the relevant registrar of companies and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications/ amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
- b. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
- c. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- d. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bank, sponsor bank, advertising agency, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer, including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment,

- including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;
- e. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/ intermediaries in connection with the Offer with the power to authorise one or more officers of the Bank to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
  - f. To seek, if required, the consent and/ or waiver of the lenders of the Bank, customers, parties with whom the Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/ or waivers that may be required in relation to the Offer or any actions connected therewith;
  - g. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;
  - h. To open and operate bank accounts of the Bank in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Bank to execute all documents/ deeds as may be necessary in this regard;
  - i. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
  - j. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
  - k. To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Bank and other employees of the Bank;
  - l. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Bank with the relevant stock exchanges, to the extent allowed under law;
  - m. To issue receipts/ allotment letters/ confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Bank to sign all or any of the afore stated documents;
  - n. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
  - o. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/ confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;
  - p. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/ or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Bank to execute all or any of the aforesaid documents;
  - q. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;

- r. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
- s. To submit undertaking/ certificates or provide clarifications to the SEBI, Registrar of Companies, Karnataka at Bengaluru and the relevant stock exchange(s) where the Equity Shares are to be listed;
- t. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Listing Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Listing Committee shall be conclusive evidence of the authority of the Listing Committee in so doing;
- u. To delegate any of its powers set out under (a) to (q) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Bank;
- v. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;
- w. To approve the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;
- x. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;
- y. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
- z. to withdraw the DRHP or the RHP or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and
- aa. To appoint, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/ agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents."

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Bank has constituted a Stakeholders Relationship Committee with the following directors:

Mr. Eugene Karthak - Committee Chairman  
 Mr. Ajay Kanwal - Member  
 Mr. P R Seshadri - Member

The Committee did not meet during the year under review.

#### **The terms of reference of the Committee are as under:**

Terms of reference of the Stakeholders Relationship Committee shall include the following:

- a. To resolve the grievances of the security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints.
- b. To review of measures taken for effective exercise of voting rights by shareholders.



- c. To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. To review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
- e. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- f. To redress of shareholders' and investors' complaints/ grievances such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- g. To approve, register, refuse to register transfer or transmission of shares and other securities;
- h. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
- i. Allotment and listing of shares, approval of transfer or transmission of shares, debentures or any other securities;
- j. To authorise affixation of common seal of the Bank;
- k. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Bank after split/ consolidation/ rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;
- l. To approve the transmission of shares or other securities arising as a result of death of the sole/ any joint shareholder;
- m. To dematerialize or rematerialize the issued shares;
- n. To Ensure proper and timely attendance and redressal of investor queries and grievances;
- o. To carry out any other functions contained in the SEBI Listing Regulations, Companies Act, 2013 and/ or equity listing agreements (if applicable), as and when amended from time to time; and
- p. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

#### **MEETING OF INDEPENDENT DIRECTORS:**

Independent Directors of the Bank met during the year on 24<sup>th</sup> February 2021 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Board and had accessed the quality, quantity and timeliness of flow of information between the bank management and the Board.

During the financial year ended 31<sup>st</sup> March, 2021 independent directors did not have any pecuniary relationship with the Bank; neither did they have any transactions with the Bank.

#### **ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING:**

The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

| <b>General Meeting</b>                  | <b>Body</b> | <b>Date, Time &amp; Venue</b>  | <b>No. of Special Resolution passed</b> |
|---|-------------|--|---|
| Extra - Ordinary General Meeting        |             | 25-Mar-2021 at 11:00 a.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071 | 4                                       |
| 14 <sup>th</sup> Annual General Meeting |             | 5-Jun-2020 at 11:00 a.m. at the registered office address : The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071   | 1                                       |
| Extra - Ordinary General Meeting        |             | 16-Oct-2019 at 4:30 p.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071  | 2                                       |
| 13 <sup>th</sup> Annual General Meeting |             | 28-Jun-2019 at 11:00 a.m. at the registered office address : The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071  | NIL                                     |
| Extra - Ordinary General Meeting        |             | 30-May-2019 at 4:30 p.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071  | 1                                       |
| Extra - Ordinary General Meeting        |             | 25-Mar-2019 at 4:00 p.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071  | 1                                       |
| Extra - Ordinary General Meeting        |             | 23-Nov-2018 at 11:00 a.m. at the registered office address : "The Fairway Business Park, # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071 | 4                                       |
| Extra - Ordinary General Meeting        |             | 17-Aug-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29, Union Street, off Infantry Road, Bangalore - 560 001  | 1                                       |

|   |  |     |
|---|--|-----|
| 12 <sup>th</sup> Annual General Meeting | 10-Aug-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001 | NIL |
| Extra - Ordinary General Meeting        | 4-Apr-2018 at 11:00 a.m. at the registered office address : "Vaishnavi", #29,Union Street, off Infantry Road, Bangalore - 560 001  | 3   |

### WHISTLE BLOWER POLICY

The Bank has a whistle blower policy, which was approved by the Board on 8<sup>th</sup> Feb 2018. The policy provides a whistle blowing route to employees, including part time, temporary and contract employees and directors of the organisation.

Summary of the policy:

- The policy defines the incidents that are required to be reported by a whistle blower, the concerns and safeguards to the whistle blower.
- The procedure for raising an issue under the policy as well as the investigation process and reporting of the whistle blowing incidents are detailed in the policy.

### COMPLIANCES:

There have been no instances of non-compliance by the Bank on any matter related to the capital markets, nor have any penalty/strictures been imposed on the Bank by the Registrar of Companies, Reserve Bank of India, Stock Exchanges or SEBI or any other statutory authority on such matters.

### GENERAL SHAREHOLDER INFORMATION

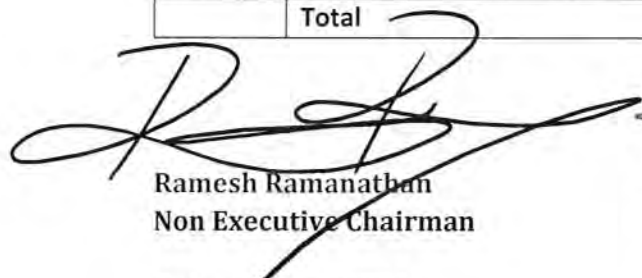
#### Annual General Meeting

|                |  |
|----------------|--|
| Date and time: | 19 <sup>th</sup> August 2021, 11:00 a.m  |
| Venue :        | "The Fairway Business Park", # 10/1, 11/2 & 12/2B Off Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta, Bengaluru - 560071 |


**Shareholding Pattern as on 31<sup>st</sup> March 2021**

| Sr. No. | Name of the Equity Shareholder  | No of Shares | % holding |
|---------|---|--------------|-----------|
|         | <b>Domestic Investor</b>  |              |           |
| 1       | Jana Holdings Limited   | 2,13,44,374  | 42.08%    |
| 2       | QRG Enterprises Limited   | 9,86,216     | 1.94%     |
| 3       | Vallabh Bhanshali   | 1,19,410     | 0.24%     |
| 4       | Enam Securities Private Limited   | 4,290        | 0.01%     |
| 5       | Badri Narayan Pilinja   | 1,15,195     | 0.23%     |
| 6       | Vallabh Bhanshali HUF   | 1,99,958     | 0.39%     |
| 7       | Growth Partnership II Shiv Shankar Co-investment Trust  | 1,995        | 0.004%    |
| 8       | Growth Partnership II Ajay Tandon Co-investment Trust   | 825          | 0.002%    |
| 9       | Bajaj Allianz Life Insurance Company Ltd  | 10,84,128    | 2.14%     |
| 10      | Bajaj Allianz General Insurance Company Ltd - Policyholder Fund                               | 2,52,963     | 0.50%     |
| 11      | Bajaj Allianz General Insurance Company Limited - Shareholder Fund                            | 1,08,413     | 0.21%     |
| 12      | ICICI Prudential Life Insurance Company Ltd   | 11,07,639    | 2.18%     |
| 13      | ICICI Lombard General Insurance Company Ltd   | 3,61,376     | 0.71%     |
| 14      | Hero Enterprise Partner Ventures  | 5,61,647     | 1.11%     |
| 15      | Ashwin Khorana  | 650          | 0.0013%   |
| 16      | Venkatesh Iyer S  | 509          | 0.0010%   |
| 17      | Debdoot Banerjee  | 229          | 0.0005%   |
| 18      | Ananth Kumar M S  | 289          | 0.0006%   |
| 19      | Harnath Kummamuru   | 262          | 0.0005%   |
| 20      | Ajay Pareek   | 7,228        | 0.0142%   |
| 21      | Alexander John  | 578          | 0.0011%   |
| 22      | Vidyasagar Bedida   | 431          | 0.0008%   |
| 23      | Amit Raj Bakshi   | 417          | 0.0008%   |
|         | <b>Foreign Investor</b>   |              |           |
| 24      | TPG Asia VI SF Pte. Ltd   | 50,26,499    | 9.91%     |
| 25      | North Haven Private Equity Asia Platinum Pte. Ltd (earlier known as MSPEA Platinum Pte. Ltd.) | 41,47,427    | 8.18%     |
| 26      | Caladium Investment Pte. Ltd  | 7,62,608     | 1.50%     |
| 27      | Client Rosehill Limited   | 17,57,755    | 3.47%     |
| 28      | Alpha TC Holdings Pte Ltd   | 17,48,975    | 3.45%     |
| 29      | CVCI GP II Employee Rosehill Limited  | 9,84,455     | 1.94%     |
| 30      | Treeline Asia Master Fund (Singapore) Pte. Ltd.   | 16,52,101    | 3.26%     |
| 31      | Global Financial Inclusion Fund   | 1,41,285     | 0.28%     |
| 32      | HarbourVest Partners Co-Investment Fund IV L.P.   | 22,66,940    | 4.47%     |
| 33      | HarbourVest Partners Co-Investment IV AIF L.P.  | 5,95,353     | 1.17%     |
| 34      | HarbourVest Skew Base AIF L.P.  | 70,469       | 0.14%     |

|    |   |                    |                |
|----|---|--------------------|----------------|
| 35 | HIPEP VIII Partnership Fund L.P.                        | 2,74,778           | 0.54%          |
| 36 | HIPEP VIII Partnership AIF L.P.                         | 1,83,186           | 0.36%          |
| 37 | HarbourVest Asia Pacific Fund VIII L.P.                 | 40,070             | 0.08%          |
| 38 | HarbourVest Asia Pacific VIII AIF L.P.                  | 74,418             | 0.15%          |
| 39 | HarbourVest Co-Investment Opportunities Fund L.P        | 2,86,229           | 0.56%          |
| 40 | HarbourVest Co-Invest 2017 Private Equity Partners L.P. | 5,72,456           | 1.13%          |
| 41 | The Maple Fund L.P.                                     | 5,72,456           | 1.13%          |
| 42 | Manipal Research & Management Services International    | 1,56,500           | 0.31%          |
| 43 | Amansa Holdings Pte. Ltd                                | 31,54,275          | 6.22%          |
|    | <b>Total</b>  | <b>5,07,27,257</b> | <b>100.00%</b> |



Ramesh Ramanathan  
Non Executive Chairman



Ajay Kanwal  
MD & CEO

Date : 13-May-2021



**Nagendra D. Rao**, B.Com., LL.B., F.C.S.  
Practising Company Secretary

Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2021**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited] (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance's and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [Not Applicable];
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Not Applicable];
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not Applicable];
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014); [Not Applicable];
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable];
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable]; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018[Not Applicable];
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [To the extent Applicable to Non Convertible Debentures only].
- (vi) The Laws as are applicable specifically to the Company are as under,
- a) The Reserve Bank of India (RBI) Act, 1934;
  - b) The Banking Regulation Act, 1949;
  - c) "Operating Guidelines for Small Finance Banks" issued by RBI on October 6, 2016 ("SFB Operating Guidelines").
  - d) Prevention of Money-Laundering Act (PMLA), 2002 and The Prevention of Money-Laundering (Maintenance of Records, etc) Rules, 2005;



- e) FEMA Rules, Regulations and notifications issued from time to time;
- f) Indian Stamp Act, 1899 and State Stamp Acts.
- g) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- h) The Child labour [Prohibition and Regulation] Act, 1986,
- i) Shops and Establishments Act applicable under various states and
- j) The Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited [BSE];

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were Unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except to the extent as mentioned below:





As per the Small Finance Bank Licencing Guidelines by the RBI, equity shares of the Bank are required to be listed on a Stock Exchange in Indian within Three Years from the date of Commencement of Banking Business i.e., March 27, 2021. However the Bank has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021.

I further report that during the audit period the company has in compliance with the Act:

- i. The Company has issued aggregate of 8,654 Class A equity shares having a face value of Rs. 10/- (Rupees Ten Only) each to its employees under ESOS 2018 in the reporting period. Further, the Company complied with the requirement of necessary filings for the allotment of shares made during the reporting period.
- ii. The Company has not Altered the Memorandum of Association of the Company
- iii. The Company has altered the Article number 6.3 of Articles of Association of the Company.
- iv. The Company at its Extra Ordinary General Meeting held on March 25, 2021 has approved Initial Public Offer of Equity Shares aggregates up to  7,000 million.
- v. The existing issued and paid up Class A equity share capital of the Company/Bank of Rs.50,72,72,570 has been reclassified as Ordinary Equity Shares of the Company. The Company has approved the reclassification of Equity Shares at its Extra Ordinary General Meeting held on March 25, 2021.



Signature:

Name of Company Secretary in Practice:

Nagendra D. Rao

FCS No. : 5553

C P No. : 7731

UDIN : F005553C000293381

Place: Bengaluru  
Date: May 13, 2021

Note: My report of even date is to be read along with my letter of even date which is annexed as Annexure - 1 and forms an integral part of this report.



**Nagendra D. Rao**, B.Com., LL.B., F.C.S.  
Practising Company Secretary

Annexure – 1

To,

The Members

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

My report of even date is to be read along with this letter.

Management's Responsibility

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



Nagendra D. Rao  
Practising Company Secretary  
Membership No. : FCS – 5553  
Certificate of Practice No. : 7731  
UDIN : F005553C000293381

Place: Bengaluru  
Date: May 13, 2021



**Nagendra D. Rao**, B.Com., LL.B., F.C.S.  
Practising Company Secretary

Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2021**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited] (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance's and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



- e) FEMA Rules, Regulations and notifications issued from time to time;
- f) Indian Stamp Act, 1899 and State Stamp Acts.
- g) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- h) The Child labour [Prohibition and Regulation] Act, 1986,
- i) Shops and Establishments Act applicable under various states and
- j) The Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited [BSE];

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were Unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except to the extent as mentioned below:



As per the Small Finance Bank Licencing Guidelines by the RBI, equity shares of the Bank are required to be listed on a Stock Exchange in Indian within Three Years from the date of Commencement of Banking Business i.e., March 27, 2021. However the Bank has filed Draft Red Herring Prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021.

I further report that during the audit period the company has in compliance with the Act:

- i. The Company has issued aggregate of 8,654 Class A equity shares having a face value of Rs. 10/- (Rupees Ten Only) each to its employees under ESOS 2018 in the reporting period. Further, the Company complied with the requirement of necessary filings for the allotment of shares made during the reporting period.
- ii. The Company has not Altered the Memorandum of Association of the Company
- iii. The Company has altered the Article number 6.3 of Articles of Association of the Company.
- iv. The Company at its Extra Ordinary General Meeting held on March 25, 2021 has approved Initial Public Offer of Equity Shares aggregates up to  7,000 million.
- v. The existing issued and paid up Class A equity share capital of the Company/Bank of Rs.50,72,72,570 has been reclassified as Ordinary Equity Shares of the Company. The Company has approved the reclassification of Equity Shares at its Extra Ordinary General Meeting held on March 25, 2021.



Signature:

Name of Company Secretary in Practice:

Nagendra D. Rao

FCS No. : 5553

C P No. : 7731

UDIN : F005553C000293381

Place: Bengaluru  
Date: May 13, 2021

Note: My report of even date is to be read along with my letter of even date which is annexed as Annexure - 1 and forms an integral part of this report.



**Nagendra D. Rao**, B.Com., LL.B., F.C.S.  
Practising Company Secretary

Annexure – 1

To,

The Members

Jana Small Finance Bank Limited [Formerly Janalakshmi Financial Services Limited]

My report of even date is to be read along with this letter.

Management's Responsibility

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



Nagendra D. Rao  
Practicing Company Secretary  
Membership No. : FCS – 5553  
Certificate of Practice No. : 7731  
UDIN : F005553C000293381

Place: Bengaluru  
Date: May 13, 2021

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Jana Small Finance Bank Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Jana Small Finance Bank Limited (“the Bank”), which comprise the Balance Sheet as at March 31, 2021, and the Profit and Loss Account and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 (“the Act”) in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021, and profit, and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to Schedule 18(7.4) to the audited financial statements, which states that there are changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, which has led to significant volatility in global and Indian financial markets. The extent to which the CoVID-19 Pandemic will continue to impact the Bank's operations and financial results will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



| Sr. No | Key Audit Matter   | How the Key Audit Matter was addressed in our audit   |
|--------|--|---|
| 1      | <p>Identification of Non-Performing Assets ('NPA') and Provisioning on Advances<br/> Total Loans and Advances (Net of Provision) as at March 31, 2021: Rupees 11,611.92 crores<br/> Gross NPA as at March 31, 2021: Rupees 857.99 crores<br/> Provision for NPA as at March 31, 2021: Rupees 239.31 crores<br/> Provision for NPA for the year ended March 31, 2021 (including write-offs): Rupees 291.58 crores</p> <p>Refer Schedule 17(5), Schedule 18(7), 18(10.4) and 18(15) to the financial statements.</p> <p>Identification of NPA and measurement of provision on account of NPA is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP'). The Bank is required to prepare a Board approved policy as per the IRACP guidelines for NPA identification and provision.</p> <p>The IRACP guidelines stipulate the requirement to identify NPA through defined criteria such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed under the IRACP and approved policy of the Bank in this regard. In addition to this, for restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA.</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p> | <p>Our audit procedures in respect of this area included:</p> <p>Verified the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue/ stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Verification of Application controls include testing of automated controls, reports and system reconciliations.</p> <p>Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.</p> <p>Performed other substantive procedures, included but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRACP norms and Bank's Policy on test check basis;</li> <li>• Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA;</li> <li>• Reviewed the collateral valuation performed by the Bank on test check basis;</li> </ul> |

|  |   |
|--|---|
| <p>The Bank has framed policies in line with the RBI's guidelines vide 'COVID-19 - Regulatory Package' and 'COVID19 Regulatory Package - Asset Classification and Provisioning' thereby providing moratorium as a relief measure to the borrowers and creating required provisions against these reliefs. Additionally, the Bank makes provisions on exposures that are not classified as NPAs for identified advances that can potentially slip into NPA. These are classified as contingency provisions.</p> <p>Additionally, the Bank has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection.</p> <p>We have identified 'Identification of NPA and Provisioning on Advances' as a key audit matter in view of the significant level of estimation involved, as well as the stringent compliances laid down by the RBI in this regard.</p> | <ul style="list-style-type: none"> <li>• Considered the accounts reported by the Bank and other Banks as Special Mention Accounts (“SMA”) in RBI’s central repository of information on large credits (CRILC) to identify stress;</li> <li>• Assessed independently whether such accounts can potentially be classified as NPA and Red Flagged Accounts on test check basis;</li> <li>• Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or occurrence of an event of default in a particular loan account or any product category or any particular region that warrants NPA assessment;</li> <li>• Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on ‘COVID-19 - Regulatory Package’ and ‘COVID19 Regulatory Package - Asset Classification and Provisioning’;</li> <li>• Selected sample of accounts restructured under RBI Circulars on ‘Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances’ and ‘Resolution Framework for Covid-19-related Stress’ to assess compliance with the RBI directions;</li> <li>• Selected samples of accounts which were not declared as NPA due to the interim order of Honourable Supreme Court order and later on due to the vacation of the interim order and the RBI circular on ‘Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package’ dated April 07, 2021, to ensure that the asset classification of borrower accounts has been laid in accordance with the extant RBI instructions/ IRACP norms;</li> </ul> |
|--|---|

|          |   |  |
|----------|---|--|
|          |   | <ul style="list-style-type: none"> <li>Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.</li> </ul> <p>Verified the disclosures in accordance with relevant accounting standards and RBI requirements relating to NPA.</p>   |
| <b>2</b> | <b>Information Technology ("IT") Systems and Controls</b>   |  |
|          | <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Amongst, its multiple IT systems, five systems namely Core Banking System ('CBS'), Oracle General Ledger ('OGL'), Sales Force Dot Com ('SFDC'), Kondor Plus and Workline Human Resource Management System ('HRMS') are key for its overall financial reporting.</p> <p>We have identified 'IT systems and controls' as key audit matter because of the high-level automation, significant number of systems being used by the management and the complexity of the IT architecture, changes made to the IT systems during the year and its impact on the financial reporting system.</p> | <p>Our audit procedures in respect of this area included:</p> <p>For testing the IT general controls, application controls and IT dependent manual controls, involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.</p> <p>Gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</p> <p>Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access, change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID 19 was also part of our audit procedure.</p> |

|  |  |  |
|--|--|--|
|  |  | <p>In addition to the above, operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested using various techniques such as inquiry, review of documentation/record/reports, observation, and re-performance.</p> |
|--|--|--|

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time ("the RBI Guidelines"), as applicable to Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Statement of Profit and Loss have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
  - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - b. the transactions of the Bank, which have come to our notice during the course of audit, have been within the powers of the Bank.
  - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI.
  - e. On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12, Schedule 17(13) and Schedule 18(13) to the financial statements.
  - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

**MSKC & Associates (Formerly known as R K Kumar & Co)**  
**Chartered Accountants**  
ICAI Firm Registration Number: 0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership No. 118580  
UDIN: 21118580AAAACM4446

Place: Mumbai  
Date: May 13, 2021

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF JANA SMALL FINANCE BANK LIMITED**

[Referred to in paragraph (3f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Jana Small Finance Bank Limited ("the Bank") as of March 31, 2021, in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.



### Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

**MSKC & Associates (Formerly known as R K Kumar & Co)**  
Chartered Accountants  
ICAI Firm Registration Number: 0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership No. 118580  
UDIN: 21118580AAAACM4446  
Place: Mumbai  
Date: May 13, 2021

**JANA SMALL FINANCE BANK LIMITED**  
Balance Sheet as at March 31, 2021

| (₹ in Crores)  |          |                                  |                                  |
|--|----------|----------------------------------|----------------------------------|
|  | Schedule | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
| <b>CAPITAL AND LIABILITIES</b>   |          |                                  |                                  |
| Capital  | 1        | 200.73                           | 200.72                           |
| Reserves and surplus   | 2        | 926.13                           | 842.79                           |
| Deposits   | 3        | 12,385.93                        | 9,651.95                         |
| Borrowings   | 4        | 4,815.32                         | 2,898.74                         |
| Other liabilities and provisions   | 5        | 753.07                           | 550.31                           |
| <b>TOTAL</b>   |          | <b>19,081.18</b>                 | <b>14,144.51</b>                 |
| <b>ASSETS</b>  |          |                                  |                                  |
| Cash and balances with Reserve Bank of India   | 6        | 462.47                           | 473.84                           |
| Balances with banks and money at call and short notice   | 7        | 1,797.48                         | 506.46                           |
| Investments  | 8        | 4,697.79                         | 2,650.04                         |
| Advances   | 9        | 11,611.92                        | 9,956.62                         |
| Fixed assets   | 10       | 212.06                           | 260.01                           |
| Other assets   | 11       | 299.46                           | 297.54                           |
| <b>TOTAL</b>   |          | <b>19,081.18</b>                 | <b>14,144.51</b>                 |
| Contingent liabilities   | 12       | 47.46                            | 39.37                            |
| Bills for collection   |          | -                                | -                                |
| Significant accounting policies and notes to accounts forming part of the financial statements | 17 & 18  |                                  |                                  |

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

**For MSKC & Associates**  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership Number: 118580

**For and on behalf of the Board of Directors**

*Ramesh Ramanathan*      *Ajay Kanwal*

Ramesh Ramanathan  
Chairman  
DIN: 00163276

Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Eugene Karthak*

Eugene Karthak  
Independent Director  
DIN: 08743508

*Kapil Krishan*

Kapil Krishan  
Chief Financial Officer

*Lakshmi R N*

Lakshmi R N  
Company Secretary

Mumbai, May 13, 2021

Bengaluru, May 13, 2021



**JANA SMALL FINANCE BANK LIMITED**  
**Profit and Loss Account for the year ended March 31, 2021**

(₹ in Crores)

| PARTICULARS  | Schedule | Year ended<br>31.03.2021<br>(Audited) | Year ended<br>31.03.2020<br>(Audited) |
|--|----------|---------------------------------------|---------------------------------------|
| <b>I. INCOME</b>   |          |                                       |                                       |
| Interest earned  | 13       | 2,497.71                              | 1,991.52                              |
| Other income   | 14       | 235.08                                | 433.25                                |
| <b>TOTAL</b>   |          | <b>2,732.79</b>                       | <b>2,424.77</b>                       |
| <b>II. EXPENDITURE</b>   |          |                                       |                                       |
| Interest expended  | 15       | 1,234.58                              | 980.16                                |
| Operating expenses   | 16       | 1,047.31                              | 1,164.08                              |
| Provisions and contingencies   |          | 366.59                                | 250.40                                |
| <b>TOTAL</b>   |          | <b>2,648.48</b>                       | <b>2,394.64</b>                       |
| <b>III. PROFIT/(LOSS)</b>  |          |                                       |                                       |
| Net profit for the year  |          | 84.31                                 | 30.13                                 |
| Balance in Profit and Loss Account brought forward   |          | (4,126.66)                            | (4,130.81)                            |
| <b>TOTAL</b>   |          | <b>(4,042.35)</b>                     | <b>(4,100.68)</b>                     |
| <b>IV. APPROPRIATIONS</b>  |          |                                       |                                       |
| Transfer to Statutory Reserve  |          | 21.08                                 | 7.53                                  |
| Transfer to Capital Reserve  |          | 3.14                                  | 13.81                                 |
| Transfer to Investment Fluctuation Reserve   |          | 16.60                                 | 4.64                                  |
| Balance carried over to Balance Sheet  |          | (4,083.17)                            | (4,126.66)                            |
| <b>V. EARNINGS PER EQUITY SHARE</b><br>(Face value of per share ₹ 10 per share)                |          |                                       |                                       |
| Basic (₹)  |          | 16.62                                 | 6.21                                  |
| Diluted (₹)  |          | 15.70                                 | 5.90                                  |
| Significant accounting policies and notes to accounts forming part of the financial statements | 17 & 18  |                                       |                                       |

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

For MSKC & Associates  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership Number: 118580

For and on behalf of the Board of Directors

*Ramesh Ramanathan*

Ramesh Ramanathan  
Chairman  
DIN: 00163276

*Eugene Karthak*

Eugene Karthak  
Independent Director  
*Lakshmi R N*  
Lakshmi R N  
Company Secretary

*Ajay Kanwal*

Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Kapil Krishan*

Kapil Krishan  
Chief Financial Officer

Mumbai, May 13, 2021

Bengaluru, May 13, 2021



**JANA SMALL FINANCE BANK LIMITED**  
Cash Flow Statement for the year ended March 31, 2021

(₹ in Crores)

|           | Particulars   | Year ended<br>31.03.2021<br>Audited | Year ended<br>31.03.2020<br>Audited |
|-----------|---|-------------------------------------|-------------------------------------|
| <b>A.</b> | <b>Cash flow from operating activities</b>                        |                                     |                                     |
|           | Net profit before taxes   | 84.31                               | 30.13                               |
|           | Adjustments for:  |                                     |                                     |
|           | Depreciation on bank's property                                   | 82.68                               | 92.53                               |
|           | Loss on sale of fixed assets                                      | 7.73                                | 2.84                                |
|           | Employee stock option expenses                                    | (0.97)                              | 3.69                                |
|           | Provision for non performing assets                               | 58.88                               | (69.08)                             |
|           | Bad debts written off   | 232.70                              | 299.52                              |
|           | Provision for standard assets                                     | 78.23                               | 21.85                               |
|           | Premium amortisation on HTM investments                           | 4.50                                | 3.60                                |
|           | <b>Operating profit before working capital changes</b> (i)        | <b>548.06</b>                       | <b>385.08</b>                       |
|           | <b>Movement in working capital</b>                                |                                     |                                     |
|           | (Increase)/Decrease in investments                                | (828.97)                            | (921.14)                            |
|           | (Increase)/Decrease in advances                                   | (2,025.11)                          | (3,993.20)                          |
|           | Increase/(Decrease) in deposits                                   | 2,733.98                            | 5,453.25                            |
|           | (Increase)/Decrease in other assets                               | 2.22                                | (52.33)                             |
|           | Increase/(Decrease) in other liabilities and provisions           | 202.76                              | 64.22                               |
|           | <b>Net change in working capital</b> (ii)                         | <b>84.88</b>                        | <b>550.80</b>                       |
|           | <b>Direct taxes paid (net of refunds)</b> (iii)                   | <b>(4.14)</b>                       | <b>12.88</b>                        |
|           | <b>Net cash flow from operating activities (i)+(ii)+(iii)</b> (A) | <b>628.80</b>                       | <b>948.76</b>                       |
| <b>B.</b> | <b>Cash flow used in investing activities</b>                     |                                     |                                     |
|           | Purchase of fixed assets  | (42.73)                             | (21.14)                             |
|           | Proceeds from sale of fixed assets                                | 0.27                                | 0.21                                |
|           | (Increase)/Decrease of held-to-maturity securities                | (1,223.28)                          | (264.38)                            |
|           | <b>Net cash (used in) investing activities</b> (B)                | <b>(1,265.74)</b>                   | <b>(285.31)</b>                     |



**JANA SMALL FINANCE BANK LIMITED**  
Cash Flow Statement for the year ended March 31, 2021

(₹ in Crores)

|           | Particulars   | Year ended<br>31.03.2021<br>Audited | Year ended<br>31.03.2020<br>Audited |
|-----------|---|-------------------------------------|-------------------------------------|
| <b>C.</b> | <b>Cash Flow from financing activities</b>                              |                                     |                                     |
|           | Proceeds from issue of equity shares                                    | 0.01                                | 3.56                                |
|           | Securities premium received   | -                                   | 335.03                              |
|           | Share issue expenses  | -                                   | (2.54)                              |
|           | Repayment borrowings (including IBPC)                                   | 1,916.58                            | (1,187.76)                          |
|           | <b>Net cash used in financing activities (C)</b>                        | <b>1,916.59</b>                     | <b>(851.71)</b>                     |
|           | <b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b> | <b>1,279.65</b>                     | <b>(188.26)</b>                     |
|           | Cash and cash equivalents as at beginning of the year                   | 980.30                              | 1,168.56                            |
|           | Cash and cash equivalents as at end of the year (refer note 2 below)    | 2,259.95                            | 980.30                              |

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

2. Cash and Cash Equivalents comprises of 'Cash & Balances with Reserve Bank of India (Schedule 6)' and 'Balances with Banks and Money at Call and Short Notice (Schedule 7)' with balances having original maturity of less than three months.

As per our report of even date

**For MSKC & Associates**  
(Formerly known as R.K. Kumar & Co.)  
Chartered Accountants  
ICAI Firm Registration No.0015955

*Tushar Kurani*

Tushar Kurani  
Partner  
Membership Number: 118580

For and on behalf of the Board of Directors

*Ramesh Ramanathan*

Ramesh Ramanathan  
Chairman  
DIN: 00163276

*Eugene Karthak*

Eugene Karthak  
Independent Director  
DIN: 08743508

*Lakshmi R N*

Lakshmi R N  
Company Secretary

*Ajay Kanwal*

Ajay Kanwal  
Managing Director & CEO  
DIN: 07886434

*Kapil Krishan*

Kapil Krishan  
Chief Financial Officer

*K*

Mumbai, May 13, 2021

Bengaluru, May 13, 2021



JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

| PARTICULARS   | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
|---|----------------------------------|----------------------------------|
| <b>SCHEDULE 1 - CAPITAL</b>   |                                  |                                  |
| <b>Authorised Capital</b>   |                                  |                                  |
| <b>Equity</b>   |                                  |                                  |
| 100,000,000 (March 31, 2020: 100,000,000) Equity Shares of ₹ 10 each  | 100.00                           | 100.00                           |
| <b>Preference</b>   |                                  |                                  |
| 250,000,000 (March 31, 2020: 250,000,000) Preference Shares of ₹ 10 each  | 250.00                           | 250.00                           |
| <b>Issued, Subscribed and Paid-Up Capital*</b>  |                                  |                                  |
| <b>Equity</b>   |                                  |                                  |
| 50,727,257 (March 31, 2020: 50,718,603) Equity Shares of ₹ 10 each fully paid up  | 50.73                            | 50.72                            |
| <b>Preference</b>   |                                  |                                  |
| 150,000,000 (31 March 2020: 150,000,000) 16% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each fully paid up | 150.00                           | 150.00                           |
| * Refer Note 18.1.2 Capital infusion  |                                  |                                  |
| <b>TOTAL</b>  | <b>200.73</b>                    | <b>200.72</b>                    |
| <b>SCHEDULE 2 - RESERVES AND SURPLUS</b>  |                                  |                                  |
| <b>I. STATUTORY RESERVE</b>   |                                  |                                  |
| Opening balance   | 102.67                           | 95.14                            |
| Add: Addition during the year   | 21.08                            | 7.53                             |
| Less: Deductions during the year  | -                                | -                                |
| <b>TOTAL</b>  | <b>123.75</b>                    | <b>102.67</b>                    |
| <b>II. SHARE PREMIUM</b>  |                                  |                                  |
| Opening balance   | 4,817.72                         | 4,484.97                         |
| Add: Additions during the year  | 1.19                             | 335.29                           |
| Less: Deductions during the year  | -                                | (2.54)                           |
| <b>TOTAL</b>  | <b>4,818.91</b>                  | <b>4,817.72</b>                  |
| <b>III. GENERAL RESERVE</b>   |                                  |                                  |
| Opening balance   | 14.41                            | 14.41                            |
| Add: Additions during the year  | -                                | -                                |
| Less: Deductions during the year  | -                                | -                                |
| <b>TOTAL</b>  | <b>14.41</b>                     | <b>14.41</b>                     |
| <b>IV. CAPITAL RESERVE</b>  |                                  |                                  |
| Opening balance   | 13.81                            | -                                |
| Add: Additions during the year  | 3.14                             | 13.81                            |
| Less: Deductions during the year  | -                                | -                                |
| <b>TOTAL</b>  | <b>16.95</b>                     | <b>13.81</b>                     |
| <b>V. INVESTMENT FLUCTUATION RESERVE</b>  |                                  |                                  |
| Opening balance   | 4.64                             | -                                |
| Add: Additions during the year  | 16.60                            | 4.64                             |
| Less: Deductions during the year  | -                                | -                                |
| <b>TOTAL</b>  | <b>21.24</b>                     | <b>4.64</b>                      |
| <b>VI. EMPLOYEE STOCK OPTIONS OUTSTANDING</b>   |                                  |                                  |
| Opening balance   | 16.20                            | 12.77                            |
| Add: Employee Stock Option expense during the year  | (0.97)                           | 3.69                             |
| Less: Transfer to Share Capital / Securities Premium on exercise of stock options   | (1.19)                           | (0.26)                           |
| <b>TOTAL</b>  | <b>14.04</b>                     | <b>16.20</b>                     |
| <b>VII. BALANCE IN PROFIT &amp; LOSS ACCOUNT</b>  | <b>(4,083.17)</b>                | <b>(4,126.66)</b>                |
| <b>TOTAL (I to VII)</b>   | <b>926.13</b>                    | <b>842.79</b>                    |



JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

| PARTICULARS  | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
|--|----------------------------------|----------------------------------|
| <b>SCHEDULE 3 - DEPOSITS</b>   |                                  |                                  |
| <b>A. I. Demand deposits</b>   |                                  |                                  |
| i. From banks  | 53.99                            | 30.39                            |
| ii. From others  | 594.28                           | 246.88                           |
| <b>II. Savings bank deposits</b>   | 1,427.81                         | 436.60                           |
| <b>III. Term deposits</b>  |                                  |                                  |
| i. From banks  | 2,008.70                         | 1,753.54                         |
| ii. From others  | 8,301.15                         | 7,184.54                         |
| <b>TOTAL (I to III)</b>  | <b>12,385.93</b>                 | <b>9,651.95</b>                  |
| <b>B. I. Deposits of branches in India</b>   | <b>12,385.93</b>                 | <b>9,651.95</b>                  |
| II. Deposits of branches outside India   | -                                | -                                |
| <b>TOTAL (I to II)</b>   | <b>12,385.93</b>                 | <b>9,651.95</b>                  |
| <b>SCHEDULE 4 - BORROWINGS</b>   |                                  |                                  |
| <b>I. Borrowings in India</b>  |                                  |                                  |
| i. Reserve Bank of India   | -                                | -                                |
| ii. Other banks*   | 574.45                           | 648.21                           |
| iii. Other institutions and agencies <sup>^</sup>  | 4,213.45                         | 2,146.49                         |
| <b>II. Borrowings outside India</b>  | <b>27.42</b>                     | <b>104.04</b>                    |
| <b>TOTAL (I to II)</b>   | <b>4,815.32</b>                  | <b>2,898.74</b>                  |
| Secured Borrowings included in (ii) & (iii) above is ₹ 73.92 crores<br>(March 31, 2020: ₹ 191.54 crores) |                                  |                                  |
| *Includes Sub-ordinated debt (Tier II capital) ₹ 343 crores (March 31, 2020: ₹ 343 crores)               |                                  |                                  |
| <sup>^</sup> Includes sub-ordinated debt (Tier II capital) ₹ 358 crores (March 31, 2020: ₹ 358 crores)   |                                  |                                  |
| <b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>   |                                  |                                  |
| I. Bills payable   | 213.70                           | 60.51                            |
| II. Inter office adjustments (net)   | -                                | -                                |
| III. Interest accrued  | 237.96                           | 223.21                           |
| IV. Standard Asset- General Provision (refer note 18.14)   | 121.79                           | 43.29                            |
| V. Others (Including Provisions)   | 179.62                           | 223.30                           |
| <b>TOTAL (I to V)</b>  | <b>753.07</b>                    | <b>550.31</b>                    |



JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

| PARTICULARS  | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
|--|----------------------------------|----------------------------------|
| <b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>           |                                  |                                  |
| I. Cash in hand (including cash at ATM)                                    | 61.81                            | 97.60                            |
| II. Balances with Reserve Bank of India                                    |                                  |                                  |
| i. In Current account  | 400.66                           | 376.24                           |
| ii. In Other accounts  | -                                | -                                |
| <b>TOTAL (I to II)</b>   | <b>462.47</b>                    | <b>473.84</b>                    |
| <b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b> |                                  |                                  |
| I. In India  |                                  |                                  |
| i) Balances with banks   |                                  |                                  |
| a) In Current accounts   | 14.70                            | 7.26                             |
| b) In Other deposit accounts*  | 119.78                           | 114.20                           |
| ii) Money at call and short notice   |                                  |                                  |
| a) With banks  | -                                | -                                |
| b) With other institutions   | -                                | -                                |
| c) Lending under reverse repo (Reserve Bank of India)                      | 1,663.00                         | 385.00                           |
| <b>TOTAL (i to ii)</b>   | <b>1,797.48</b>                  | <b>506.46</b>                    |
| II. Outside India  |                                  |                                  |
| i) In Current accounts   | -                                | -                                |
| ii) In Other deposit accounts  | -                                | -                                |
| iii) Money at call and short notice  | -                                | -                                |
| <b>TOTAL (i to iii)</b>  | <b>-</b>                         | <b>-</b>                         |
| <b>GRAND TOTAL (I to II)</b>   | <b>1,797.48</b>                  | <b>506.46</b>                    |

\* Includes deposit with banks of ₹ 13.58 crores (March 31, 2020: ₹ 114.20 crores) lien marked towards borrowings from banks and financial institutions as security deposit.





JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Crores)

| PARTICULARS   | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
|---|----------------------------------|----------------------------------|
| <b>SCHEDULE 8 - INVESTMENTS</b>   |                                  |                                  |
| <b>I. Investments in India (net of provisions)</b>  |                                  |                                  |
| i) Government securities  | 4,697.79                         | 2,649.93                         |
| ii) Other approved securities   | -                                | -                                |
| iii) Shares   | -                                | 0.10                             |
| iv) Debentures and bonds  | -                                | -                                |
| v) Subsidiaries / joint ventures  | -                                | -                                |
| vi) Others  | -                                | -                                |
| <b>TOTAL</b>  | <b>4,697.79</b>                  | <b>2,650.03</b>                  |
| <b>II. Investments Outside India</b>  |                                  |                                  |
| i) Government securities  | -                                | -                                |
| ii) Subsidiaries/joint ventures/associates  | -                                | -                                |
| iii) Others (equity shares and bonds)   | -                                | -                                |
| <b>TOTAL</b>  | <b>-</b>                         | <b>-</b>                         |
| <b>GRAND TOTAL (I to II)</b>  | <b>4,697.79</b>                  | <b>2,650.03</b>                  |
| <b>III. Investments</b>   |                                  |                                  |
| i) Gross value of investments   |                                  |                                  |
| a) In India   | 4,698.19                         | 2,650.04                         |
| b) Outside India  | -                                | -                                |
| <b>Total</b>  | <b>4,698.19</b>                  | <b>2,650.04</b>                  |
| ii) Depreciation/provision for investments  |                                  |                                  |
| a) In India   | 0.40                             | -                                |
| b) Outside India  | -                                | -                                |
| <b>Total</b>  | <b>0.40</b>                      | <b>-</b>                         |
| iii) Net value of investments   |                                  |                                  |
| a) In India   | 4,697.79                         | 2,650.04                         |
| b) Outside India  | -                                | -                                |
| <b>Total</b>  | <b>4,697.79</b>                  | <b>2,650.04</b>                  |
| <b>SCHEDULE 9 - ADVANCES</b>  |                                  |                                  |
| <b>A. i) Bills purchased and discounted</b>   |                                  |                                  |
| ii) Cash credits, overdrafts and loans repayable on demand  | 889.92                           | 523.87                           |
| iii) Term loans   | 10,717.40                        | 9,401.04                         |
| <b>TOTAL</b>  | <b>11,611.92</b>                 | <b>9,956.62</b>                  |
| <b>B. i) Secured by tangible assets</b>   |                                  |                                  |
| ii) Covered by bank/government guarantees   | 112.16                           | -                                |
| iii) Unsecured  | 6,650.06                         | 7,285.82                         |
| <b>TOTAL</b>  | <b>11,611.92</b>                 | <b>9,956.62</b>                  |
| <b>C. I ADVANCES IN INDIA</b>   |                                  |                                  |
| i) Priority sector*   | 8,123.02                         | 8,146.41                         |
| ii) Public sector   | -                                | -                                |
| iii) Banks  | -                                | -                                |
| iv) Others  | 3,488.90                         | 1,810.21                         |
| * Priority sectors excluded ₹ Nil (March 31, 2020: ₹ 1,000 crores), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2021, the Bank has bought ₹ Nil PSLC (March 31, 2020: ₹ 600 crores), which is included in above. |                                  |                                  |
| <b>II ADVANCES OUTSIDE INDIA</b>  |                                  |                                  |
| <b>TOTAL</b>  | <b>11,611.92</b>                 | <b>9,956.62</b>                  |



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2021**

(₹ in Crores)

| PARTICULARS   | As at<br>31.03.2021<br>(Audited) | As at<br>31.03.2020<br>(Audited) |
|---|----------------------------------|----------------------------------|
| <b>SCHEDULE 10 - FIXED ASSETS</b>   |                                  |                                  |
| <b>I. Premises</b>  |                                  |                                  |
| i) Cost as at the end of the preceding year   | -                                | -                                |
| ii) Additions during the year   | -                                | -                                |
| iii) Deductions during the year   | -                                | -                                |
| iv) Depreciation to date  | -                                | -                                |
| v) Capital Work in Progress   | -                                | -                                |
| <b>TOTAL</b>  | <b>-</b>                         | <b>-</b>                         |
| <b>II. Other fixed assets (including furniture and fixtures)</b>                      |                                  |                                  |
| i) Cost as at the end of the preceding year   | 617.38                           | 603.23                           |
| ii) Additions during the year   | 37.13                            | 23.31                            |
|   | <b>654.51</b>                    | <b>626.54</b>                    |
| iii) Deductions during the year   | (10.48)                          | (9.16)                           |
| iv) Depreciation to date  | (433.21)                         | (357.96)                         |
| v) Capital Work in Progress   | 1.24                             | 0.59                             |
| <b>TOTAL*</b>   | <b>212.06</b>                    | <b>260.01</b>                    |
| *Includes leased assets of ₹ 18.45 crores (March 31, 2020: ₹ 23.68 crores)            |                                  |                                  |
| <b>GRAND TOTAL (I to II)</b>  | <b>212.06</b>                    | <b>260.01</b>                    |
| <b>SCHEDULE 11 - OTHER ASSETS</b>   |                                  |                                  |
| I. Inter office adjustments (net)   | -                                | -                                |
| II. Interest accrued  | 101.96                           | 50.51                            |
| III. Tax paid in advance / tax deducted at source (net of provisions)                 | 58.28                            | 62.42                            |
| IV. Stationery and stamps   | -                                | -                                |
| V. Non Banking Assets acquired in satisfaction of claims                              | -                                | -                                |
| VI. Others*   | 139.22                           | 184.61                           |
| * Includes deposit with RIDF and other funds of ₹ 1.96 crores (March 31, 2020: ₹ Nil) |                                  |                                  |
| <b>TOTAL</b>  | <b>299.46</b>                    | <b>297.54</b>                    |
| <b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>   |                                  |                                  |
| I. Claims against the bank not acknowledged as debts                                  | 35.91                            | 35.91                            |
| II. Liability for partly paid investments   | -                                | -                                |
| III. Liability on account of outstanding forward exchange contracts                   | -                                | -                                |
| IV. Liability on account of outstanding derivative contracts                          | -                                | -                                |
| V. Guarantees given on behalf of constituents   | 2.50                             | -                                |
| a) In India   | 2.50                             | -                                |
| b) Outside India  | -                                | -                                |
| VI. Acceptances, endorsements and other obligations                                   | -                                | -                                |
| VII. Other items for which the Bank is contingently liable                            | 9.05                             | 3.46                             |
| <b>TOTAL</b>  | <b>47.46</b>                     | <b>39.37</b>                     |



JANA SMALL FINANCE BANK LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Crores)

| PARTICULARS  | Year ended<br>31.03.2021<br>(Audited) | Year ended<br>31.03.2020<br>(Audited) |
|--|---------------------------------------|---------------------------------------|
| <b>SCHEDULE 13 - INTEREST EARNED</b>   |                                       |                                       |
| I. Interest/discount on advances/bills*  | 2,301.46                              | 1,832.80                              |
| II. Income on investments  | 171.91                                | 145.96                                |
| III. Interest on balances with Reserve Bank of India and other inter-bank funds  | 24.33                                 | 12.76                                 |
| IV. Others   | 0.01                                  | -                                     |
| * Includes interest recoveries from technically written off accounts   |                                       |                                       |
| <b>TOTAL</b>   | <b>2,497.71</b>                       | <b>1,991.52</b>                       |
| <b>SCHEDULE 14 - OTHER INCOME</b>  |                                       |                                       |
| I. Commission, exchange and brokerage  | 161.06                                | 235.95                                |
| II. Profit / (loss) on sale of investments (net)   | 20.79                                 | 23.05                                 |
| III. Profit / (loss) on revaluation of investments (net)   | -                                     | -                                     |
| IV. Profit / (loss) on sale of land, buildings and other assets(net)   | (7.73)                                | (2.84)                                |
| V. Profit on exchange / derivative transactions (net)  | -                                     | -                                     |
| VI. Income earned by way of dividends from subsidiaries/joint ventures abroad/in India   | -                                     | -                                     |
| VII. Miscellaneous income#   | 60.96                                 | 177.09                                |
| # Includes PSLC income Nil (March 31, 2020: ₹ 0.10 crores), recoveries from written off accounts ₹ 52.82 crores (March 31, 2020: ₹ 169.70 crores), lease income ₹ 7.25crores (March 31, 2020: ₹ 7.25 crores) |                                       |                                       |
| <b>TOTAL</b>   | <b>235.08</b>                         | <b>433.25</b>                         |
| <b>SCHEDULE 15 - INTEREST EXPENDED</b>   |                                       |                                       |
| I. Interest on deposits  | 870.31                                | 640.91                                |
| II. Interest on Reserve Bank of India/inter-bank borrowings  | 208.83                                | 106.81                                |
| III. Others (Including interest on debentures and other borrowings)  | 155.44                                | 232.44                                |
| <b>TOTAL</b>   | <b>1,234.58</b>                       | <b>980.16</b>                         |
| <b>SCHEDULE 16 - OPERATING EXPENSES</b>  |                                       |                                       |
| I. Payments to and provisions for employees (refer note 18.4 and 18.17)  | 617.50                                | 623.76                                |
| II. Rent, taxes and lighting (refer note 18.24)  | 101.10                                | 110.92                                |
| III. Printing and stationery   | 6.26                                  | 10.61                                 |
| IV. Advertisement and publicity  | 16.84                                 | 11.35                                 |
| V. Depreciation on bank's property (including leased assets)   | 82.68                                 | 92.53                                 |
| VI. Director's Fees, allowances and expenses   | 0.55                                  | 0.24                                  |
| VII. Auditors' fees and expenses   | 1.08                                  | 0.65                                  |
| VIII. Law charges  | 4.10                                  | 6.50                                  |
| IX. Postage, courier, telephones etc.  | 20.46                                 | 24.81                                 |
| X. Repairs and maintenance   | 30.15                                 | 41.04                                 |
| XI. Insurance  | 12.68                                 | 6.86                                  |
| XII. Travel and conveyance   | 25.33                                 | 40.91                                 |
| XIII. Professional fees*   | 98.91                                 | 143.92                                |
| XIV. Other expenditure (refer note 18.44)  | 29.67                                 | 49.98                                 |
| <b>TOTAL</b>   | <b>1,047.31</b>                       | <b>1,164.08</b>                       |

\* Includes cost incurred for outsourcing of technology support services.



## JANA SMALL FINANCE BANK LIMITED

Schedule to the Financial Statements for the year ended March 31, 2021

### SCHEDULE - 17

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021

#### **1. CORPORATE INFORMATION:**

Jana Small Finance Bank Limited (Formerly known as Janalakshmi Financial Services Limited - the "Company"), headquartered in Bangalore, engaged in providing a wide range of banking and financial services. Originally incorporated on July 24, 2006, the Company registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India on March 4, 2008. The Company got classified as a NBFC-MFI effective from September 5, 2013. The Company became a public limited company under the provisions of Companies Act, 2013, with effect from August 10, 2015.

Pursuant to the resolution passed by the shareholders at the Extraordinary General Meeting (EGM) held on January 12, 2018 and the issue of small finance bank license by Reserve Bank of India (RBI) on April 28, 2017 under section 22(1) of the Banking Regulation Act, 1949 "Janalakshmi Financial Services Limited" (the "Company") converted itself into a Small Finance Bank with effect from March 28, 2018. Accordingly, the name of the Company was changed to Jana Small Finance Bank Limited (the "Bank").

The Bank has received scheduled Bank status with effect from 16 July, 2019 vide publication in the Gazette of India (Part III - Section 4) dated July 27 - August 02, 2019. Accordingly, Jana Small Finance Bank Limited is included in the second schedule of the Reserve Bank of India Act, 1934.

#### **2. BASIS OF PREPARATION:**

The Bank's financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and on going concern basis, unless otherwise stated and in conformity with Generally Accepted Accounting Principles (GAAP), which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, Accounting Standards specified under Section 133 of Companies Act, 2013 in so far as they apply to the banks and the current practices prevalent within the banking industry in India.

#### **Use of Estimates:**

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future periods.

#### **3. REVENUE RECOGNITION:**

- i. Interest income on loans, advances and investments is recognized in the Profit and Loss Account on accrual basis except income on advances, investments and other assets classified as Non-Performing Assets (NPAs), which is recognized upon realization, as per the prudential norms prescribed by the RBI. Unrealized Interest on NPA is reversed in the Profit and Loss Account and is recognized only on receipt basis.
- ii. Income on non-coupon bearing discounted instruments is recognized over the tenure of the instruments so as to provide a constant periodic rate of return.
- iii. Processing fees on loan, direct assignment and securitisation is recognised upfront when it becomes due.
- iv. Dividend is accounted on an accrual basis where the right to receive the dividend is established.
- v. Interest incomes on deposits with banks and financial institutions is recognized on a time proportion basis taking into
- vi. All other fees are accounted for as and when they become due.



## JANA SMALL FINANCE BANK LIMITED

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)

### 4. INVESTMENTS:

#### **Classification:**

In accordance with RBI guidelines on Investment classification and valuations, investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT). Under each of these categories, investments are further classified under six groups – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The transactions in Securities are recorded on "Settlement Date" of accounting except in the case of equity shares where trade date accounting is followed.

#### **Basis of classification:**

- i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".
- ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".
- iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)". Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.
- iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

#### **Transfer between categories:**

Transfer of investments from one category to the other is done in accordance with RBI guidelines. Transfer of securities from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortized cost. After transfer, these securities are re-valued and resultant depreciation, if any, is provided.

Transfer of investments from AFS to HFT or vice- a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

#### **Acquisition Cost:**

In determining the acquisition cost of investments, broken period interest if any, paid on acquisition of investments is debited to Profit and Loss Account. Broken period interest received on sale of securities is recognized as interest income.

The cost of investments is determined on weighted average basis.

#### **Valuation:**

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA'),/Financial Benchmark India Private Limited ('FBIL') periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR'), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance sheet is available or at ₹ 1 as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.



**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)**

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss Account until received.

**Disposal of Investments:**

Profit / Loss on sale of investments is taken to Profit and Loss Account. However in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount of profit (net of applicable taxes and amount required to be transferred to statutory reserves) is appropriated to Capital Reserve in accordance with RBI guidelines.

**Repurchase and reverse repurchase transactions:**

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

**5. ADVANCES CLASSIFICATION AND PROVISIONING:**

**Classification:**

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPA is made at rates as prescribed by the RBI and as per Bank's internal credit policy.

Non-performing advances are written-off in accordance with Bank's policies. Amounts recovered against debts written-off are recognised in the Profit and Loss account as "Miscellaneous income" under Other Income (Schedule 14).

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advances/securities, which would generally include, among others, alteration of repayment period/ repayable amount/ the amount of instalments/ rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision including diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines.

The Bank maintains a general provision on standard advances at the rates prescribed by the RBI. Provision made against standard assets is included in "Other liabilities & provisions" (Schedule 5).

The Bank transfers advances through inter-bank participation. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case of participation with non-risk sharing, the aggregate amount of participation is classified as borrowings.

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 trades in Priority Sector portfolio by selling or buying Priority Sector Lending Certificates (PSLCs). There is no transfer of risk on loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received for the sale of PSLCs is treated as 'Miscellaneous Income'.

**Floating Provisions:**

Provisions made, if any, in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions, if any, are shown under "Other liabilities and Provisions" (Schedule 5).



Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)

**6. SECURITISATION AND TRANSFER OF ASSETS:**

Securitisation transaction of its receivables entered into by the Bank, if any, is subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitized receivables are de-recognized in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / Transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows, in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

In accordance with the RBI guidelines, the profit / premium on account of securitisation of assets at the time of sale is computed as the difference between the sale consideration and the book value of the securitised asset amortized over the tenure of the securities issued. Loss on account of securitisation on assets is recognized immediately to the Profit and Loss Account.

Direct Assignment transaction of its receivables entered into by the Bank, if any, is similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates ('PTCs'), subject to the RBI prescribed MHP criteria and the MRR. The Bank does not provide any liquidity or credit enhancements on the direct assignment transactions undertaken.

Bank recognizes Excess Interest Spread (EIS) only on cash basis and Over Collateralization, if any, is included in the Gross Advances and it is provided for as per the provisioning norms of RBI.

Direct Assignment portfolio bought by the Bank, if any, are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

**7. FIXED ASSETS AND DEPRECIATION:**

Fixed Assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all other directly attributable expenditures towards acquisition and installation of assets before it is ready for commercial use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Specific grant received for acquisition of fixed assets are reduced from the cost of the asset.

Depreciation on fixed asset is charged over the estimated useful life on a straight line basis after retaining a residual value of 0.01%, except for leasehold improvements and software which are fully depreciated.

The Bank is following the estimated useful life as stated in the Part C of Schedule II of Companies Act, 2013 which is as below:

| Type of Asset   | Useful Life                               |
|---|---|
| Computers including desktops and electronic equipment | 3 Years                                   |
| Servers and networks                                  | 6 Years                                   |
| Furniture and fixtures                                | 10 Years                                  |
| Electrical installation                               | 10 Years                                  |
| Motor vehicles  | 8 Years                                   |
| Office equipment                                      | 5 Years                                   |
| Leasehold improvements                                | Primary leasehold period as per agreement |

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

The estimated useful life of the intangible assets are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Software is depreciated fully over the useful life of the software based on the license validity or five years whichever is earlier.

Fixed assets purchased during the year are depreciated on the basis of actual number of days the asset has been put to use in the year. Fixed assets disposed off during the year are depreciated up to the date of disposal.



Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)

Profit or losses arising from the retirement or disposal of a Fixed / Intangible Asset are determined as the difference between the net disposal proceeds and the carrying amount of fixed/ intangible assets and recognized as income or expense in the Profit and Loss Account. Profit on sale of premises, if any, is transferred to Capital Reserve as per the RBI guidelines.

**8. IMPAIRMENT OF ASSETS (Other than loans and advances):**

In accordance with AS-28- Impairment of assets, Bank assesses at each Balance Sheet date whether there is any indication of impairment of assets based on internal / external factors. Impairment loss, if any, is provided in the Profit and Loss Account to the extent of carrying amount of assets exceeds their estimated recoverable amount, which is higher of an asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

**9. FOREIGN CURRENCY TRANSACTIONS:**

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences are recognized as income or as expenses in the period in which they arise.

**10. EMPLOYEE BENEFITS:**

***Defined contribution plan:***

Retirement benefits in the form of provident fund and employee state insurance scheme are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

***Defined benefit plan and compensated absences:***

Liability for defined benefit gratuity plan and accumulated compensated absences is determined by estimating the present value of amount of benefit that employees have earned in return for their service in the current and prior periods. The Bank accounts for its liability for unfunded compensated absences and funded gratuity based on actuarial valuation, as at the Balance Sheet date, determined annually by an independent actuary using the Projected Unit Credit Method. The Bank makes contribution to Gratuity Funds managed by life insurance companies. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period and are not deferred.

***Short term employee benefits:***

Short term employee benefits expected to be paid in consideration for the services rendered by the employees is recognized during the period when the employee renders service.

**11. INCOME TAXES:**

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.





**Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)**

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realized.

**12. EARNINGS PER SHARE:**

Bank reports basic and diluted earning per share in accordance with AS-20, Earning Per Share. Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of exercise of employee stock options and restricted stock units, bonus issue, bonus element in a rights issue to existing shareholders and share split.

Diluted earnings per share reflects the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares (stock options, restricted stock units and convertible preference shares) outstanding during the year, except where the results are anti-dilutive.

**13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

In accordance with AS 29 - Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resource would be required to settle the obligation, the provision is reversed.

A disclosure for contingent liability is made when there is:

- i) A possible obligation arising from the past events, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the bank; or
- ii) A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**14. ACCOUNTING FOR LEASE:**

**Operating Lease:**

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased term are classified as operating leases in accordance with Accounting Standard 19, Leases. Lease rentals on assets under operating lease is charged off to the Profit and Loss Account on a straight-line basis in accordance with the AS-19.

**Finance Lease:**

Leases under which the Bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.



## JANA SMALL FINANCE BANK LIMITED

Significant Accounting Policies appended to and forming part of the financial statements for the year ended March 31, 2021 (Contd.)

### 15. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/institutions and money at call and short notice.

### 16. CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.

### 17. SHARE ISSUE EXPENSES:

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

### 18. SEGMENT INFORMATION:

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI. Bank has classified its business into following for segment reporting:-

(a) **Treasury** includes all investment portfolios, Profit / Loss on sale of Investments, equities, income from money market operations.

(b) **Corporate / Wholesale Banking** includes all advances to companies and statutory bodies, which are not included under Retail Banking.

(c) **Retail Banking** includes lending to and deposits from retail customers and identified earnings and expenses of the segment.

(d) **Other Banking Operations** includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and Reserves and other unallocable assets, liabilities, income and expenses.

### 19. CORPORATE SOCIAL RESPONSIBILITY:

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss Account.

### 20. EMPLOYEE STOCK OPTION PLAN and RESTRICTED STOCK UNITS:

Designated Employees of the Bank receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the intrinsic method and recognized, together with a corresponding increase in the "Employees Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the Profit and Loss Account for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

### 21. BORROWING COST:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

### 22. EXTERNAL COMMERCIAL BORROWINGS:

External commercial borrowings taken by the Bank prior to conversion into Small Finance Bank is hedged by entering into a cross currency interest rate swap. The Bank recognises the loan liability separately from the cross currency interest rate swap and measures at fair value since a derivative contract represents a contractual right or an obligation.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2021**

**1 Capital**

**1.1 Capital Adequacy Ratio (CAR)**

The following table sets forth, for the year indicated, computation of capital adequacy as per the operating guidelines.

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Common equity tier I capital ratio (%)  | 11.75%         | 13.12%         |
| Tier I capital ratio (%)  | 11.75%         | 13.12%         |
| Tier II capital ratio (%)   | 3.76%          | 6.13%          |
| <b>Total capital ratio as per Basel-II (CRAR) (%)</b>                             | <b>15.51%</b>  | <b>19.25%</b>  |
| Amount of tier II capital raised through debt capital instruments during the year | -              | 225.00         |

Subordinated debt (Tier II capital) outstanding as at March 31, 2021 is ₹ 701 crores (March 31, 2020: ₹ 701 crores).

1. The Capital Adequacy Ratio (CAR) has been computed in accordance with RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 6, 2016 on Operating Guidelines for Small Finance Banks. As per the said circular, prudential regulatory framework will largely be drawn from the Basel standards for capital requirements and Basel II standardized approach for credit risk. Further, the RBI vide its Circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.

2. The Bank has applied 100% risk weight on advances charged as security against grandfathered borrowings on the date of conversion into a Small Finance Bank.

3. Sub-ordinated debt inclusion in Tier II capital has been limited to 50% of Tier I capital.

**1.2 Capital Infusion**

During the year ended March 31, 2021, the Bank has not issued any equity shares except on account of Employee Stock Options.

During the year ended March 31, 2021, the Bank has allotted 8,654 equity shares in respect of stock options exercised. During the year ended March 31, 2020, the Bank has allotted 1,939 equity shares in respect of stock options exercised.

During the previous year ended March 31, 2020 the Bank has issued equity shares having face value of ₹ 10 each for cash pursuant to rights issue of 35,59,937 equity shares at ₹ 951.09 each aggregating to ₹ 338.58 crores pursuant to Board's approval.

Details of movement in the paid up equity share capital are as below :

| Particulars  | March 31, 2021       |              | March 31, 2020       |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of Equity shares | Amount       | No. of Equity shares | Amount       |
| Equity shares as at the beginning of the year              | 507,18,603           | 50.72        | 471,56,727           | 47.16        |
| Addition pursuant to stock option exercised                | 8,654                | 0.01         | 1,939                | -            |
| Addition pursuant to equity shares issued during the year  | -                    | -            | 35,59,937            | 3.56         |
| <b>Equity shares outstanding as at the end of the year</b> | <b>507,27,257</b>    | <b>50.73</b> | <b>507,18,603</b>    | <b>50.72</b> |

In terms of Section 12 of the Banking Regulation Act 1949, the subscribed capital of a banking company operating in India shall not be less than one-half of the authorized capital, and the paid-up capital shall not be less than one-half of the subscribed capital. As at the commencement of banking operations (March 28, 2018), the issued, subscribed and paid-up capital of the Bank was ₹ 39.29 crores as against the authorised share capital of ₹ 1,327.60 crores. The Bank has received scheduled Bank status with effect from July 16, 2019 vide publication in the Gazette of India (Part III - Section 4) dated July 27 - August 02, 2019. Accordingly, Jana Small Finance Bank Limited is included in the second schedule of the Reserve Bank of India Act, 1934. As on July 31, 2019, the issued, subscribed and paid up capital of the Bank was ₹ 197.16 crores which forms 14.85% of its authorized share capital. The Bank's paid-up capital as on July 31, 2019 met the statutory requirement as above, while the subscribed capital did not meet with the statutory requirement of being not less than half of the Authorized Capital.

In order to comply with the above statutory requirement, on February 03, 2020 the Bank has diminished its authorised share capital to ₹ 350 crores comprising Equity Share Capital of ₹ 100 crores and Preference Share Capital of ₹ 250 crores.

**2. Earnings per equity share**

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Net profit after tax (₹ in crores)   | 84.31          | 30.13          |
| Weighted average number of equity shares in computing the basic earnings per share   | 507,25,972     | 485,48,128     |
| <b>Basic earnings per share ₹</b>  | <b>16.62</b>   | <b>6.21</b>    |
| Weighted average number of equity shares in computing the diluted earnings per share | 536,84,496     | 510,57,018     |
| <b>Diluted earnings per share ₹</b>  | <b>15.70</b>   | <b>5.90</b>    |
| Nominal value per share ₹  | 10.00          | 10.00          |

1. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

2. Diluted earnings per equity share is computed by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares including potential equity shares outstanding as at the end of the year, except when results are anti dilutive.

3. The dilutive impact is on account of stock options granted to employees and Perpetual Non-Cumulative Compulsorily Convertible Preference Shares.

**3. Reserves**

**3.1 Share premium account**

Share issue expenses amounting to Nil (March 31, 2020: ₹ 2.54) are adjusted from securities premium account in terms of section 52 (2) (c) of the Companies Act, 2013.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**3.2 Statutory Reserve**

The Bank has transferred ₹ 21.08 crores (March 31, 2020: ₹ 7.53 crores) to statutory reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

**3.3 Capital Reserve**

The Bank has transferred ₹ 3.14 crores (March 31, 2020: ₹ 13.81 crores) to capital reserves, being the profit from sale of HTM investments, net of taxes and appropriation to statutory reserve, as per the RBI regulations.

**3.4 Investment Fluctuation Reserve**

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. The Bank has transferred ₹ 16.6 crores for the year ended March 31, 2021 (March 31, 2020: ₹ 4.64 crores) to investment fluctuation reserves.

**3.5 Drawdown of Reserves**

During the year ended March 31, 2021; there were no drawdown from reserves (March 31, 2020 : Nil).

**4. Employees Stock Option Plan Scheme**

The Bank has share-based payment schemes for its employees. Schemes in operations during the year ended March 31, 2021 are Employee stock option plan scheme 2017, Employee stock option plan scheme 2018, Restrictive Stock Units Scheme 2017 and Restrictive Stock Units Scheme 2018.

The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2021

| Particulars                   | ESOP 2017   | ESOP 2018     | RSU 2017  | RSU 2018             |
|-------------------------------|---|---------------|---|----------------------|
| Grant date                    | Various dates   | Various dates | Various dates   | Various dates        |
| Total options under the plan  | 18,67,579   | 20,23,697     | Sub-set of ESOP 2017  | Sub-set of ESOP 2018 |
| Number of options granted     | 25,512  | -             | 17,864  | 1,041                |
| Method of settlement          | Equity  | Equity        | Equity  | Equity               |
| Vesting                       | 25% after one year from the date of grant<br>25% after two years from the date of grant<br>25% after three years from the date of grant<br>Balance 25% after four years from the date of grant  |               | One year from the date of grant   |                      |
| Exercisable period            | The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of vesting of such Option or 2 years from the date of Listing, whichever is later.  |               | The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of vesting of such Option or 2 years from the date of Listing, whichever is later.  |                      |
| Vesting conditions            | Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be<br><br>The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver. |               | Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be<br><br>The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver. |                      |
| Exercise price per option (₹) | 960.59  |               | 10.00   |                      |



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**The details of the Employee Stock Option Plan Schemes (ESOP) and Restrictive Stock Unit Scheme (RSU) during the year ended March 31, 2020**

| Particulars                     | ESOP 2017  | ESOP 2018     | RSU 2017   | RSU 2018             |
|---------------------------------|--|---------------|--|----------------------|
|                                 | Various dates  | Various dates | Various dates  | Various dates        |
| Option available under the plan | 18,67,579  | 20,23,697     | Sub-set of ESOP 2017   | Sub-set of ESOP 2018 |
| Number of Options granted       | 10,19,469  | 2,89,414      | 841  | 11,203               |
| Method of Settlement            | Equity   | Equity        | Equity   | Equity               |
| Vesting                         | 25% after one year from the date of grant<br>25% after two years from the date of grant<br>25% after three years from the date of grant<br>Balance 25% after four years from the date of grant   |               | One year from the date of grant  |                      |
| Exercisable period              | The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.   |               | The Exercise period shall be subject to a maximum period of 5 years commencing from, the date of Vesting of such Option or 2 years from the date of Listing, whichever is later.   |                      |
| Vesting conditions              | Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.<br>The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver. |               | Continued employment/ service with the Company on relevant date of vesting, including with the Subsidiaries Company, as the case may be.<br>The NRC shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver. |                      |
| Exercise price per option (₹)   | 951.09   |               | 10.00  |                      |

**The following are the outstanding options as at year ended March 31, 2021:**

| Particulars  | As at and for the year ended March 31, 2021 |           |                 |                 |
|--|---|-----------|-----------------|-----------------|
|  | ESOP 2017                                   | ESOP 2018 | ESOP 2017 (RSU) | ESOP 2018 (RSU) |
| Total Options granted and outstanding at the beginning of the year | 16,90,629                                   | 5,03,932  | 45,211          | 23,769          |
| Add: Options granted during the year                               | 25,512                                      | -         | 17,864          | 1,041           |
| Less: Options forfeited / lapsed during the year                   | 2,64,693                                    | 1,10,893  | -               | 1,500           |
| Less : Options exercised during the year                           | -   | -         | -               | 8,654           |
| Options Outstanding as at end of the year                          | 14,51,448                                   | 3,93,039  | 63,075          | 14,656          |
| - Vested   | 6,94,834                                    | 1,41,103  | 62,034          | 13,615          |
| - Yet to vest  | 7,56,614                                    | 2,51,936  | 1,041           | 1,041           |

**The following are the outstanding options as at and for the year ended March 31, 2020:**

| Particulars  | As at and for the year ended March 31, 2020 |           |                 |                 |
|--|---|-----------|-----------------|-----------------|
|  | ESOP 2017                                   | ESOP 2018 | ESOP 2017 (RSU) | ESOP 2018 (RSU) |
| Total Options granted and outstanding at the beginning of the year | 6,86,179                                    | 4,54,892  | 44,370          | 23,267          |
| Add: Options granted during the year                               | 10,19,469                                   | 2,89,414  | 841             | 11,203          |
| Less: Options forfeited / lapsed during the year                   | 15,019                                      | 2,40,374  | -               | 8,762           |
| Less : Options exercised during the year                           | -   | -         | -               | 1,939           |
| Options Outstanding as at end of the year                          | 16,90,629                                   | 5,03,932  | 45,211          | 23,769          |
| - Vested   | 3,41,276                                    | 63,816    | 44,370          | 15,891          |
| - Yet to vest  | 13,49,353                                   | 4,40,116  | 841             | 7,878           |

As per SEBI guidelines, the accounting for share based payments can be done either under the 'Intrinsic Value' basis or 'Fair Value' basis. As per the approval of Board the Bank has adopted 'Intrinsic Value' method for accounting of share based payments.

| Particulars                         | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Employee Stock Option expenditure   | (0.77)                            | 0.48                              |
| Restrictive Stock Units expenditure | (0.20)                            | 3.21                              |
| <b>Total</b>                        | <b>(0.97)</b>                     | <b>3.69</b>                       |

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Employee stock options and restrictive stock units outstanding | 14.04          | 16.20          |



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Effect of fair value method of accounting - share based payment plans in the Profit and Loss Account and on its financial position:

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2020 to March 31, 2021

| Particulars   | ESOP 2017 and ESOP (RSU) 2017 Tranche 4 |
|---|---|
| 1. Risk free interest rate                              | 5.36%                                   |
| 2. Expected life (in years)                             | 4.50                                    |
| 3. Expected volatility                                  | 65.69%                                  |
| 4. Dividend yield                                       | 0.00%                                   |
| 5. The weighted average fair value of options granted ₹ | 578.09                                  |

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are from April 1, 2019 to March 31, 2020

| Particulars   | ESOP 2017 and ESOP (RSU) 2017 | ESOP 2018 and ESOP (RSU) 2018 |           | ESOP 2017 and ESOP (RSU) 2017 & ESOP 2018 and ESOP (RSU) 2018 |
|---|-------------------------------|-------------------------------|-----------|---|
|   | Tranche 1                     | Tranche 1                     | Tranche 2 | Tranche 3   |
| 1. Risk Free Interest Rate                              | 7.76%                         | 7.92%                         | 8.16%     | 7.92%   |
| 2. Expected Life (in years)                             | 4.50                          | 4.50                          | 4.50      | 4.50  |
| 3. Expected Volatility                                  | 24.36%                        | 50.63%                        | 48.47%    | 56.96%  |
| 4. Dividend Yield                                       | 0.00%                         | 0.00%                         | 0.00%     | 0.00%   |
| 5. The weighted average fair value of options granted ₹ | 498.85                        | 753.98                        | 751.56    | 449.81  |

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings Per Share (EPS) both basic and diluted, had the Company adopted the fair value method amortizing the stock compensation expense thereon over the vesting period, the reported profit would have been lower by ₹ 28.55 crores (March 31, 2020: reported profit would have been lower by ₹ 10.65 crores). The basic and diluted EPS for the year ended March 31, 2021 would have been ₹ 10.99 and ₹ 10.39 respectively (March 31, 2020: ₹ 4.01 and ₹ 3.82).

The expected life of the stock option is based on historical data and current expectation and is not necessarily indicative of the pattern that may occur. The expected volatility reflects the assumption that the historical volatility of a comparable listed entity for 5 years period ended on the date of the grant is indication of future trends which may not necessarily be the actual outcome.

## 5. Investments

### 5.1 Particulars of Investments and movement in provision held towards depreciation on Investments

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| <b>(1) Value of Investments</b>   |                |                |
| i) Gross value of investments   |                |                |
| - In India  | 4,698.19       | 2,650.03       |
| - Outside India   | -              | -              |
| (ii) Provisions for depreciation on investments                           | 0.40           | -              |
| - In India  | 0.40           | -              |
| - Outside India   | -              | -              |
| (iii) Net value of investments  | 4,697.79       | 2,650.03       |
| - In India  | 4,697.79       | 2,650.03       |
| - Outside India   | -              | -              |
| <b>2) Movement of provisions held towards depreciation on investments</b> |                |                |
| i) Opening balance  | -              | -              |
| ii) Add: Provision made during the year                                   | 0.40           | -              |
| iii) Less: Write-off /write back of excess provision during the year      | -              | -              |
| iv) Closing balance   | 0.40           | -              |

### 5.2 Repo/ Reverse Repo Transactions

Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) done during the year ended March 31, 2021.

| Particulars                                    | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as at March 31, 2021 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| <b>Securities sold under repo</b>              | -                                   | -                                   | -   | -                                |
| i. Government securities                       | -                                   | -                                   | -   | -                                |
| a) MSF (Repo with RBI)                         | 4.00                                | 5.00                                | 0.02                                      | -                                |
| b) Tri-Party Repo (TREPS)                      | 0.90                                | 737.99                              | 51.90                                     | -                                |
| c) Market Repo ( CROMS)                        | 4.96                                | 99.79                               | 0.30                                      | -                                |
| ii. Corporate debt securities                  | -                                   | -                                   | -   | -                                |
| iii. Any other securities                      | -                                   | -                                   | -   | -                                |
| <b>Securities purchased under reverse repo</b> | -                                   | -                                   | -   | -                                |
| i. Government securities                       | -                                   | -                                   | -   | -                                |
| a) LAF (Reverse Repo with RBI)                 | 30.00                               | 2,013.00                            | 404.18                                    | 1,663.00                         |
| b) Tri-Party Repo (TREPS)                      | 89.99                               | 165.00                              | 0.97                                      | -                                |
| c) Market Repo ( CROMS)                        | 4.99                                | 5.00                                | 0.04                                      | -                                |
| ii. Corporate debt securities                  | -                                   | -                                   | -   | -                                |
| iii. Any other securities                      | -                                   | -                                   | -   | -                                |



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**Details of repo / reverse repo deals (in face value terms) (Including LAF and TREPS) for the year ended March 31, 2020**

| Particulars                                    | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as at March 31, 2020 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| <b>Securities sold under repo</b>              | -                                   | -                                   | -   | -                                |
| i. Government securities                       | -                                   | -                                   | -   | -                                |
| a) MSF (Repo with RBI)                         | 2.00                                | 2.00                                | 0.01                                      | -                                |
| b) Tri-Party Repo (TREPS)                      | 5.00                                | 649.91                              | 27.53                                     | -                                |
| c) Market Repo ( CROMS)                        | 4.99                                | 72.99                               | 0.60                                      | -                                |
| ii. Corporate debt securities                  | -                                   | -                                   | -   | -                                |
| iii. Any other securities                      | -                                   | -                                   | -   | -                                |
| <b>Securities purchased under reverse repo</b> | -                                   | -                                   | -   | -                                |
| i. Government securities                       | -                                   | -                                   | -   | -                                |
| a) LAF (Reverse Repo with RBI)                 | 10.00                               | 565.00                              | 64.08                                     | 385.00                           |
| b) Tri-Party Repo (TREPS)                      | 3.50                                | 599.67                              | 15.86                                     | -                                |
| c) Market Repo ( CROMS)                        | 4.00                                | 372.96                              | 12.73                                     | -                                |
| ii. Corporate debt securities                  | -                                   | -                                   | -   | -                                |
| iii. Any other securities                      | -                                   | -                                   | -   | -                                |

**5.3 Sale and Transfers to/from HTM Category**

During the year ended March 31, 2021, with the approval of Board of Directors, the Bank transferred securities with a net book value of ₹ 356.52 crores from held-to-maturity (HTM) category to available-for-sale (AFS) category, being transfer of securities at the beginning of the accounting year as permitted by RBI.

During the year ended March 31, 2021, the Bank undertook 4 transactions for sale of securities with a net book value of ₹ 356.52 crores, which was 81.53% of the HTM portfolio at April 1, 2020. The above sale is excluding sale to RBI under pre-announced open market operation auctions and repurchase of government securities by Government of India, as permitted by RBI guidelines.

During the year ended March 31, 2020, there was no sale and transfers to/from HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year.

In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap:

1. One-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
2. Sales to the RBI under pre-announced open market operation auctions;
3. Repurchase of Government securities by Government of India from banks;
4. Additional shifting of securities explicitly permitted by the RBI from time to time; and
5. Direct sales from HTM for bringing down SLR holdings in the HTM category.

**5.4 Issuer-wise composition of non-SLR investments**

As on March 31, 2021, the Bank does not have any non-SLR Investments. During the year, the Bank has written off non-SLR investments in unlisted equity shares of ₹ 0.10 crores.

During the previous year ended March 31, 2020, the Bank has following non-SLR Investments.

| Issuer                                | Amount      | Extent of private placement# | Extent of "below investment graded" securities# | Extent of "unrated" securities# | Extent of "unlisted" securities# |
|---------------------------------------|-------------|------------------------------|---|---------------------------------|----------------------------------|
| 1.Public sector undertakings          | -           | -                            | -   | -                               | -                                |
| 2.Financial institutions              | -           | -                            | -   | -                               | -                                |
| 3.Banks                               | -           | -                            | -   | -                               | -                                |
| 4.Private corporates                  | -           | -                            | -   | -                               | -                                |
| 5.Subsidiaries / Joint ventures       | -           | -                            | -   | -                               | -                                |
| 6.Others                              | 0.10        | -                            | -   | -                               | 0.10                             |
| 7.Provision held towards depreciation | -           | -                            | -   | -                               | -                                |
| <b>Total</b>                          | <b>0.10</b> | -                            | -   | -                               | <b>0.10</b>                      |

# Amounts reported under these columns above are not mutually exclusive

**5.5 Non performing Non-SLR Investments**

As on March 31, 2021, there are no non performing Non - SLR investments (March 31, 2020: Nil).

**6. Derivatives**

Disclosure with respect to outstanding Cross Currency Interest Rate Swap (CCIRS)

**a) Cross Currency Interest Rate Swap**

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| i) The notional principal of swap agreements   | 23.70          | 86.68          |
| ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements | 3.72           | 17.36          |
| iii) Collateral required by the Bank upon entering into swaps  | 11.91          | 10.87          |
| iv) Concentration of credit risk arising from the swaps  | Nil            | Nil            |
| v) Fair value of the swap book   | 3.72           | 17.36          |



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The nature and terms of the Cross Currency Interest Rate Swap

| Nature  | Terms                                | Benchmark | No. of deals |
|---------|--------------------------------------|-----------|--------------|
| Hedging | Floating payable vs fixed receivable | USD MIFOR | 2            |

b) Exchange Traded Interest Rate Derivatives - Not applicable

c) Disclosures on Risk Exposure in Derivatives  
Qualitative Disclosure

The Bank's treasury function is responsible for Bank's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the Bank including currency risk, market risk and liquidity risk. In course of managing these risks, the Bank may use various market instruments as permissible for the Bank based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the internal auditors as required. The Bank does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes. The existing exposure is fully hedged, which is towards external commercial borrowings borrowed prior to conversion into a Small Finance Bank and are grandfathered on conversion. Further, as per operating guidelines for Small Finance Banks issued by the RBI, there are no derivative transactions entered into during the year ended March 31, 2021 (March 31, 2020: ₹ Nil).

Quantitative Disclosure

| Particulars   | March 31, 2021       |                           | March 31, 2020       |                           |
|---|----------------------|---------------------------|----------------------|---------------------------|
|   | Currency Derivatives | Interest Rate Derivatives | Currency Derivatives | Interest Rate Derivatives |
| (i) Derivatives (Notional Principal Amount)                             |                      |                           |                      |                           |
| a) For hedging*   | 23.70                | -                         | 86.68                | -                         |
| b) For trading  | -                    | -                         | -                    | -                         |
| (ii) Marked to Market Positions   |                      |                           |                      |                           |
| a) Asset (+)  | 3.72                 | -                         | 17.36                | -                         |
| b) Liability (-)  | -                    | -                         | -                    | -                         |
| (iii) Credit Exposure   | -                    | -                         | -                    | -                         |
| (iv) Likely impact of one percentage change in interest rate (100*PV01) |                      |                           |                      |                           |
| a) on hedging derivatives   | -                    | -                         | -                    | -                         |
| b) on trading derivatives   | -                    | -                         | -                    | -                         |
| (v) Maximum and Minimum of 100*PV01 observed during the year            |                      |                           |                      |                           |
| a) on hedging   | -                    | -                         | -                    | -                         |
| b) on trading   | -                    | -                         | -                    | -                         |

\* Pertains to cross currency interest rate swap

7. Asset Quality

7.1 Non Performing Assets

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| (i) Net NPAs to Net Advances (%)   | 5.33%          | 1.41%          |
| (ii) Movement of NPAs (Gross)  |                |                |
| (a) Opening balance  | 320.81         | 522.59         |
| (b) Additions during the year#   | 828.19 ^       | 230.42         |
| (c) Reductions during the year#*   | (291.01)       | (432.20)       |
| (d) Closing balance  | 857.99         | 320.81         |
| (iii) Movement of Net NPAs   |                |                |
| (a) Opening balance  | 140.39         | 273.08         |
| (b) Additions during the year#   | 617.77         | 178.34         |
| (c) Reductions during the year#*   | (139.48)       | (311.03)       |
| (d) Closing balance  | 618.68         | 140.39         |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) |                |                |
| (a) Opening balance  | 180.43         | 249.51         |
| (b) Provision made during the year <sup>§</sup>                                | 291.58         | 230.44         |
| (c) Write off/ write back of excess provisions*                                | (232.70)       | (299.52)       |
| (d) Closing balance  | 239.31         | 180.43         |

# Additions and reductions does not include accounts which turned NPA during a particular month and subsequently moved out of NPA in the same month.

\* Balancing figure

^ Outstanding balance as of March 31, 2021 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

§ Represent provision made during the year (including write offs) as per the Profit & Loss account.

The Honourable Supreme Court of India (Hon'ble SC), vide an interim order dated September 03, 2020 in the writ petition (Gajendra Sharma Vs Union of India & Anr), had directed that the accounts which were not declared Non-Performing Assets ('NPA') till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, an account, which was not classified as NPA as at August 31, 2020, had not been classified as NPA subsequently as per the RBI's Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC norms).

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.





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**7.2 Movement of Non Performing Assets**

| Particulars  | March 31, 2021      | March 31, 2020 |
|--|---------------------|----------------|
| Gross NPAs as on April 1 of particular year                                    | 320.81              | 522.59         |
| Additions (fresh NPAs) during the year#  | 828.19 <sup>^</sup> | 230.42         |
| <b>Sub Total (A)</b>   | <b>1,149.00</b>     | <b>753.01</b>  |
| Less :   |                     |                |
| (i) Upgradations#  | 41.49               | 29.48          |
| (ii) Recoveries (excluding recoveries made from upgraded accounts)*            | 16.82               | 103.20         |
| (iii) Technical / Prudential write offs (refer note 7.2A)                      | 218.80              | 235.67         |
| (iv) Write offs other than those under (iii) above                             | 13.90               | 63.85          |
| <b>Sub Total (B)</b>   | <b>291.01</b>       | <b>432.20</b>  |
| <b>Gross NPAs as on last day of the reporting year (Closing balance) (A-B)</b> | <b>857.99</b>       | <b>320.81</b>  |

# Additions and upgradation does not include accounts which turned NPA during a particular month and subsequently moved out of NPA in the same month.

\* Balancing figure

<sup>^</sup> Outstanding balance as of March 31, 2021 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

**7.2A Technical or prudential write offs**

Movement in the stock of technical and prudentially written-off accounts and recoveries made thereon is as given below:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level.

| Particulars   | March 31, 2021  | March 31, 2020  |
|---|-----------------|-----------------|
| Opening balance of technical / prudential write-offs accounts                   | 2,522.60        | 2,505.93        |
| Add: Technical / Prudential write-offs during the year                          | 218.80          | 235.67          |
| <b>Sub - Total (A)</b>  | <b>2,741.40</b> | <b>2,741.60</b> |
| Recoveries made from technical/ prudential written off accounts during the year | 47.21           | 169.15          |
| Actual Write-offs during the year   | 30.34           | 49.85           |
| <b>Sub - Total (B)</b>  | <b>77.55</b>    | <b>219.00</b>   |
| <b>Closing balance (A-B)</b>  | <b>2,663.85</b> | <b>2,522.60</b> |





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 (All amounts are in Indian Rupees in Crores unless otherwise stated)

**7.3 Particulars of Accounts Restructured contd.**

The Bank has restructured accounts during the year ended March 31, 2020, excluding the standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020.

| Sl. No. | Type of Restructuring →<br>Asset Classification →<br>Details ↓   | Under CDR Mechanism |              |          |      |       | Under SME Debt Restructuring Mechanism |              |          |      |       | Others   |              |          |      |       | Total |   |
|---------|--|---------------------|--------------|----------|------|-------|--|--------------|----------|------|-------|----------|--------------|----------|------|-------|-------|---|
|         |  | Standard            | Sub-standard | Doubtful | Loss | Total | Standard                               | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Total |   |
| 1       | Restructured Accounts as on April 1 of the FY (opening figures)  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 2       | Fresh restructuring during the year  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 3       | Upgradations to restructured category during the FY  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 4       | Restructured advances which cease to attract provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 5       | Downgradations of restructured accounts during the FY  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 6       | Write-offs/Recovery/Sale of restructured accounts during the FY  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 7       | Increase/(Decrease) in borrower level outstanding of restructured cases during the FY  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
| 8       | Restructured Accounts as on March 31 of the FY (closing figures)   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | No. of borrowers   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Amount outstanding   | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Provision thereon  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |
|         | Total  | -                   | -            | -        | -    | -     | -                                      | -            | -        | -    | -     | -        | -            | -        | -    | -     | -     | - |



**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2021**

**7.3.1 Particulars of accounts restructured for 'Micro, Small and Medium Enterprises (MSME) sector based on RBI guidelines dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020.**

The Bank has restructured accounts as below.

| Particulars                 | March 31, 2021 | March 31, 2020 |
|-----------------------------|----------------|----------------|
| No of Accounts Restructured | 8,001          | 136            |
| Outstanding Amount          | 118.42         | 1.59           |
| Provision Amount            | 5.92           | 0.08           |

**7.3.2 Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below.**

| Type of Borrower  | (A) Number of accounts where resolution plan has been implemented under this window | (B) Exposure to accounts mentioned at (A) before implementation of the plan* | (C) of (B) aggregate amount of debt that was converted into other securities | (D) Additional funding sanctioned, if any, including between invocation of the plan and implementation | (E) Increase in provisions on account of the implementation of the resolution plan^ |
|-------------------|---|--|--|--|---|
| Personal Loans    | 35,446  | 169.64   | -  | -  | 13.40   |
| Corporate Persons | -   | -  | -  | -  | -   |
| of which MSMEs    | -   | -  | -  | -  | -   |
| Others            | 2,79,314  | 825.84   | -  | -  | 62.65   |
| <b>Total</b>      | <b>3,14,760</b>   | <b>995.48</b>  | <b>-</b>   | <b>-</b>   | <b>76.05</b>  |

\* Represents fund based outstanding of accounts at the end of the month before the date of implementation of the resolution plan

^ Provision held as on March 31, 2021

**7.4 Disclosure on COVID - 19**

Consequent to the outbreak of COVID-19 pandemic, the Indian government has announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations and in collection efficiency. This may lead to a rise in the number of customer defaults and consequently an increase in provisions thereagainst.

The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's operations and financial results will depend on ongoing and future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank had granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers. In line with the additional Regulatory Package guideline dated May 23, 2020, the Bank had extended the moratorium by another three months on payment of all instalments and/ or interest, as applicable, falling due between June 01, 2020 and August 31, 2020. For all such accounts where the moratorium was granted, the asset classification shall remained stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

**Particulars of Moratorium/Deferment extended in SMA categories**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Amounts in SMA/overdue categories, where the moratorium / deferment was extended* in terms of paragraph 2 and 3 of the circular | 136.12         | 158.61         |
| Amount where asset classification benefits is extended*   | 136.12         | 28.93          |
| Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of the circular  | 13.87          | 8.94#          |
| Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular.         | 13.87          | -              |
| Residual provisions in terms of paragraph 6 of the circular   | -              | 8.94#          |

Above disclosure includes all the accounts which were standard but overdue as on February 29, 2020 and remained overdue as on June 30, 2020

\* Represents outstanding balance as on March 31, 2021 and March 31, 2020 respectively, in respect of such accounts

# Includes an additional general provision of 20% amounting to ₹ 1.01 crores on overdue standard advances with days past due between 71 and 90 (both inclusive) as at February 29, 2020 and remained overdue as at March 31, 2020.



#### 7.5 Details of Non Performing Financial Assets Purchased / Sold

The Bank has not purchased or sold any non performing financial assets during the year ended March 31, 2021 (March 31, 2020 : Nil).

#### 7.6 Floating provisions

The Bank has not created any floating provision during the year ended March 31, 2021 (March 31, 2020 : Nil).

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| (a) Opening balance in floating provision account             | -              | -              |
| (b) The quantum of floating provision made in accounting year | -              | -              |
| (c) Amount of draw down made during the accounting year       | -              | -              |
| (d) Closing balance in floating provision account             | -              | -              |

#### 7.7 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2021. (March 31, 2020: Nil).

#### 8. Securitisation and related disclosures

##### 8.1 Details of Sales

During the year ended March 31, 2021 the Bank has not sold any financial assets to Securitisation/ Reconstruction Companies (SC/ RC) in accordance with the guidelines issued by the RBI (March 31, 2020 : Nil).

| Particular  | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| (i) No. of accounts sold during the year  | -              | -              |
| (ii) Aggregate value of accounts sold during the year                                     | -              | -              |
| (iii) Aggregate Consideration received during the year                                    | -              | -              |
| (iv) Additional Consideration realised in respect of account transferred in earlier years | -              | -              |
| (v) Aggregate gain over net book value during the year                                    | -              | -              |
| (vi) MRR  | -              | -              |
| (vii) First Loss  | -              | -              |
| (viii) Outstanding Balance  | 41.55          | 43.19          |
| (ix) No. of SPV transaction for securitisation transaction                                | -              | -              |

##### 8.2 Details of direct assignment transactions

The details of direct assignment activity of the Bank as an originator as per RBI guidelines to the Guidelines on Securitisation is given below.

| Particular                                     | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| (i) No. of accounts                            | -              | -              |
| (ii) Aggregate value of accounts sold to SC    | -              | -              |
| (iii) Aggregate Consideration                  | -              | -              |
| (iv) Aggregate gain / loss over net book Value | -              | -              |

##### 8.3 Details of book value of investment in security receipts (SRs) backed by NPAs

During the year ended March 31, 2021, the Bank has not invested in security receipts (March 31, 2020: Nil).

#### 9. Exposures

##### 9.1 Exposure to real estate sector

| Category   | March 31, 2021  | March 31, 2020 |
|--|-----------------|----------------|
| <b>A) Direct exposure</b>  | <b>1,457.42</b> | <b>732.30</b>  |
| (i) Residential mortgages*   | 1,457.42        | 731.97         |
| (of which housing loans eligible for inclusion in priority sector advances)                            | 690.05          | 263.30         |
| (ii) Commercial real estate  | -               | 0.33           |
| (iii) Investments in mortgage backed securities (MBS) and other securitised exposure                   | -               | -              |
| a) Residential   | -               | -              |
| b) Commercial real estate  | -               | -              |
| <b>B) Indirect exposure</b>  | <b>-</b>        | <b>-</b>       |
| Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies (HFCs). | -               | -              |

\* Includes only housing loan

##### 9.2 Exposure to Capital Market

During the year ended March 31, 2021, the bank has 'Nil' exposure to capital market instruments (March 31, 2020 : ₹ 0.10 crores). The Bank has written off investments in equity shares of Alpha Micro Finance Consultants Private Limited, 100,000/- shares of ₹ 10 each fully paid up full paid up ₹ 0.10 crores during the year ended March 31, 2021.



**9.3 Risk Category wise Country Exposure**

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2021 is Nil (March 31, 2020 : Nil).

**9.4 Intra Group Exposure**

The Bank does not have any intra group exposure as at March 31, 2021 (March 31, 2020 : Nil).

**9.5 Unsecured Advances**

During the year ended March 31, 2021, the Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. (March 31, 2020: Nil). The unsecured advances of ₹ 6650.06 crores (March 31, 2020 ₹ 7285.82 crores) as disclosed in Schedule 9(B) are without any collateral security.

**9.6 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank**

During the year ended March 31, 2021 and previous year ended March 31, 2020, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed under extant RBI guidelines.

**10. Concentration of Deposits, Advances, Exposures and NPA's**

**10.1 Concentration of deposits**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Total deposits of twenty largest depositors                                       | 1,557.16       | 1,709.11       |
| Percentage of deposits of twenty largest depositors to total deposits of the Bank | 12.57%         | 17.71%         |

**10.2 Concentration of advances**

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Total advances to twenty largest borrowers*                                      | 603.12         | 305.14         |
| Percentage of Advances of twenty largest borrowers to Total Advances of the Bank | 5.11%          | 3.08%          |

\*Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per current exposure method in accordance with RBI guidelines.

**10.3 Concentration of Exposures**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Total exposure to twenty largest borrowers / customers*   | 603.12         | 305.14         |
| Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers | 5.11%          | 3.08%          |

\*Exposures comprise credit exposure (funded and non-funded credit limits) including derivative transactions and investment exposure in accordance with RBI guidelines.

**10.4 Concentration of NPAs**

| Particulars                             | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Total Exposure to top four NPA accounts | 7.43           | 9.05           |

**11. Sector-wise advances**

| Sector   | March 31, 2021             |               |   |
|--|----------------------------|---------------|---|
|  | Outstanding Total Advances | Gross NPAs    | Percentage of Gross NPAs to Total Advances in that sector |
| <b>A . Priority Sector</b>   |                            |               |   |
| 1. Agriculture and allied activities                                 | 1,620.33                   | 152.95        | 9.44%   |
| 2. Advances to industries sector eligible as priority sector lending | 322.88                     | 19.72         | 6.11%   |
| 3. Services  | 829.69                     | 66.20         | 7.98%   |
| 4. Personal loans*   | 5,546.07                   | 447.82        | 8.07%   |
| <b>Sub total ( A )</b>   | <b>8,318.97</b>            | <b>686.69</b> | <b>8.25%</b>  |
| <b>B. Non Priority Sector</b>  |                            |               |   |
| 1. Agriculture and allied activities                                 | -                          | -             | -   |
| 2. Industry  | 256.60                     | 30.51         | 11.89%  |
| 3. Services  | 1,584.96                   | 30.98         | 1.95%   |
| (i) NBFCs  | 642.84                     | -             | 0.00%   |
| (ii) Retail Trade  | 408.01                     | 15.52         | 3.80%   |
| 4. Personal loans*   | 1,690.81                   | 109.81        | 6.49%   |
| <b>Sub total ( B )</b>   | <b>3,532.37</b>            | <b>171.30</b> | <b>4.85%</b>  |
| <b>Total (A+B)</b>   | <b>11,851.34</b>           | <b>857.99</b> | <b>7.24%</b>  |



JANA SMALL FINANCE BANK LIMITED  
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)  
(All amounts are in Indian Rupees in Crores unless otherwise stated)

| Sector   | March 31, 2020             |               |   |
|--|----------------------------|---------------|---|
|  | Outstanding Total Advances | Gross NPAs    | Percentage of Gross NPAs to Total Advances in that sector |
| <b>A . Priority Sector</b>   |                            |               |   |
| 1. Agriculture and allied activities                                 | 2,567.28                   | 47.48         | 1.85%   |
| 2. Advances to industries sector eligible as priority sector lending | 341.85                     | 33.18         | 9.71%   |
| 3. Services  | 1,129.11                   | 38.54         | 3.41%   |
| (i) Retail Trade   | 383.38                     | 21.32         | 5.56%   |
| 4. Personal loans*   | 4,273.46                   | 152.28        | 3.56%   |
| <b>Sub total ( A)</b>  | <b>8,311.70</b>            | <b>271.48</b> | <b>3.27%</b>  |
| <b>B. Non Priority Sector</b>  |                            |               |   |
| 1. Agriculture and allied activities                                 | -                          | -             | -   |
| 2. Industry  | 82.00                      | 21.00         | 25.61%  |
| 3. Services  | 792.47                     | 11.90         | 1.50%   |
| 4. Personal loans*   | 951.27                     | 16.43         | 1.73%   |
| <b>Sub total ( B)</b>  | <b>1,825.74</b>            | <b>49.33</b>  | <b>2.70%</b>  |
| <b>Total (A+B)</b>   | <b>10,137.44</b>           | <b>320.81</b> | <b>3.16%</b>  |

\*Personal loan includes housing loans

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports, which has been furnished by the Management and has been relied upon by the auditors.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2021**

**12. Asset Liability Management (ALM)**

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI.

| As at March 31, 2021                  | Deposits         | Advances         | Investments     | Borrowings      | Balances with banks and money at call and short notice | Foreign currency assets | Foreign currency liabilities |
|---------------------------------------|------------------|------------------|-----------------|-----------------|--|-------------------------|------------------------------|
| Day - 1                               | 27.97            | 13.51            | 2,689.57        | 2.05            | 1,654.52   | -                       | -                            |
| 2-7 Days                              | 189.80           | 164.43           | 34.78           | 29.45           | 23.00  | -                       | -                            |
| 8-14 Days                             | 167.07           | (73.52)          | 27.61           | -               | -  | -                       | -                            |
| 15-30 Days                            | 261.82           | 556.59           | 50.13           | -               | -  | -                       | -                            |
| 31 Days and up to 2 months            | 622.81           | 469.38           | 104.50          | 208.00          | -  | -                       | -                            |
| More than 2 months and up to 3 months | 726.29           | 328.95           | 122.34          | 18.28           | 3.97   | -                       | -                            |
| Over 3 months and up to 6 months      | 1,804.83         | 1,131.07         | 271.47          | 471.69          | 106.07   | -                       | -                            |
| Over 6 months and up to 1 year        | 2,964.06         | 2,485.64         | 475.26          | 619.16          | 5.37   | -                       | -                            |
| Over 1 Year and up to 3 years         | 5,162.60         | 3,041.48         | 821.77          | 2,063.37        | 4.04   | -                       | -                            |
| Over 3 Years and up to 5 years        | 449.55           | 1,134.14         | 99.01           | 1,368.47        | -  | -                       | -                            |
| Over 5 years                          | 9.13             | 2,360.25         | 1.35            | 34.85           | 0.51   | -                       | -                            |
| <b>Total</b>                          | <b>12,385.93</b> | <b>11,611.92</b> | <b>4,697.79</b> | <b>4,815.32</b> | <b>1,797.48</b>  | -                       | -                            |

| As at March 31, 2020                  | Deposits        | Advances        | Investments     | Borrowings      | Balances with banks and money at call and short notice | Foreign currency assets | Foreign currency liabilities |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|--|-------------------------|------------------------------|
| Day - 1                               | 36.25           | 3.29            | 635.17          | -               | 10.80  | -                       | -                            |
| 2-7 Days                              | 241.87          | (80.36)         | 40.56           | -               | 385.00   | -                       | -                            |
| 8-14 Days                             | 364.16          | 22.93           | 60.29           | -               | -  | -                       | -                            |
| 15-30 Days                            | 272.50          | (397.22)        | 59.74           | 36.75           | -  | -                       | -                            |
| 31 Days and up to 2 months            | 722.08          | (149.67)        | 130.97          | 31.06           | 0.09   | -                       | -                            |
| More than 2 months and up to 3 months | 300.71          | 508.04          | 72.31           | 77.82           | 3.82   | -                       | -                            |
| Over 3 months and up to 6 months      | 1,376.64        | 1,256.86        | 237.31          | 113.91          | 104.76   | -                       | -                            |
| Over 6 months and up to 1 year        | 1,651.36        | 2,641.45        | 349.93          | 529.99          | -  | -                       | -                            |
| Over 1 Year and up to 3 years         | 4,518.27        | 4,614.21        | 927.00          | 1,404.20        | 1.48   | -                       | -                            |
| Over 3 Years and up to 5 years        | 164.30          | 274.28          | 100.84          | 480.00          | -  | -                       | -                            |
| Over 5 years                          | 3.81            | 1,262.81        | 35.92           | 225.01          | 0.51   | -                       | -                            |
| <b>Total</b>                          | <b>9,651.95</b> | <b>9,956.62</b> | <b>2,650.04</b> | <b>2,898.74</b> | <b>506.46</b>  | -                       | -                            |

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

RBI vide its circular dated March 27, 2020 on 'Covid-19 Regulatory Package' permitted the Banks to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. Also, RBI vide its circular dated May 23, 2020 further extended the moratorium period by another three months from June 1, 2020 to August 31, 2020. The Bank in line with the said circulars has offered moratorium to all its customers for the said period and has incorporated the effect of the moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.





**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2021**

**13. Contingent liabilities**

| Contingent liabilities                     | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Income tax liability                       | 35.91          | 35.91          |
| Guarantees given on behalf of constituents | 2.50           | -              |
| Others                                     | 9.05           | 3.46           |
| <b>Total</b>                               | <b>47.46</b>   | <b>39.37</b>   |

In February 2019, the Honourable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability.

**Description of contingent liabilities**

|   |   |
|---|---|
| <b>1. Claims against the Bank not acknowledged as debts - taxation</b>                                | The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws. |
| <b>2. Claims against the Bank not acknowledged as debts - others</b>                                  | The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.   |
| <b>3. Guarantees given on behalf of constituents, acceptances, endorsements and other obligations</b> | As a part of its commercial banking activities, the Bank issues guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.         |
| <b>4. Other items for which the Bank is contingently liable</b>                                       | These include: a) Guarantees given by Bank b) Credit enhancements in respect of securitised-out loans; c) Bills rediscounted by the Bank; d) Capital commitments.   |

**14. Provisions on Standard Assets**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Provisions towards Standard Assets                                | 39.70          | 42.82          |
| Provisions towards Restructured Standard Assets* (including DIFV) | 82.20          | 0.86           |
| <b>Total</b>  | <b>121.90</b>  | <b>43.68</b>   |

\*Please refer note 7.3 on restructured advances.

**15. Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in Profit and Loss Account

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Provision for non-performing asset (including bad debts written off) | 291.58         | 230.44         |
| Provision for standard assets  | (3.12)         | 21.00          |
| Provision for restructured standard assets (including DIFV)          | 81.34          | 0.86           |
| Provisions for depreciation on investment                            | 0.40           | -              |
| Other provision and contingencies                                    | (3.61)         | (1.90)         |
| <b>Total</b>   | <b>366.59</b>  | <b>250.40</b>  |

**16. Business ratio**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Interest income as a percentage to working funds <sup>1</sup>                             | 15.34%         | 17.31%         |
| Non-interest income as a percentage to working funds <sup>1</sup>                         | 1.44%          | 3.77%          |
| Operating profit <sup>2</sup> as a percentage to working funds <sup>1</sup>               | 2.77%          | 2.44%          |
| Return on average assets <sup>6</sup>   | 0.52%          | 0.26%          |
| Business <sup>3</sup> (deposit plus net advances) per employee <sup>4</sup> (in ₹ crores) | 1.38           | 1.16           |
| Profit per employee <sup>4</sup> (in ₹ crores)  | 0.01           | 0.00           |
| Provision coverage ratio <sup>5</sup>   | 27.89%         | 56.24%         |

1. Working funds represent the monthly average of total assets (excluding accumulated losses, if any) computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949 for the current year.

2. Operating profit is net profit for the year before provisions and contingencies.

3. "Business" is the total of net advances and deposits (net of inter-bank deposits).

4. Productivity ratios are based on average employee number.

5. Provision coverage ratio does not include technical write offs. Including technical write off, Provision coverage ratio is 82.43% (March 31, 2020: 95.06%).

6. Return on average assets is computed with reference to average working funds.



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**17. Employee benefits**

**Employment benefits - Gratuity**

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. Bank provides for gratuity as per the provisions of Payment of Gratuity Act, 1972, as amended. The scheme is funded with Life Insurance Corporation of India. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15.

During the year ended March 31, 2021 and March 31, 2020, the Bank does not have unamortised gratuity and pension liability.

**Expenses recognised in the Profit and Loss Account**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Current service cost  | 2.62           | 1.93           |
| Interest cost on benefit obligation                         | (0.11)         | (0.49)         |
| Past service cost vested benefit recognised during the year | -              | -              |
| Net actuarial loss recognized in the year                   | 6.27           | 4.28           |
| <b>Employer Expenses</b>                                    | <b>8.78</b>    | <b>5.72</b>    |

**Net Liability/ (Asset) recognised in the Balance Sheet**

| Particulars  | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Present value of Defined Benefit Obligation          | 18.21          | 11.41          |
| Fair value of plan assets                            | 15.37          | 13.06          |
| Net (asset) / liability recognized in balance sheet  | 2.84           | (1.65)         |
| Less: Unrecognised Past Service Cost                 | -              | -              |
| <b>(Asset)/Liability recognized in balance sheet</b> | <b>2.84</b>    | <b>(1.65)</b>  |

**Reconciliation of Defined Benefit Obligation (DBO)**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Present Value of DBO at start of year                       | 11.41          | 7.67           |
| Interest cost   | 0.73           | 0.55           |
| Current service cost  | 2.62           | 1.93           |
| Past service cost vested benefit recognised during the year | -              | -              |
| Benefits paid   | (2.30)         | (1.98)         |
| Actuarial loss/(gain)                                       | 5.75           | 3.24           |
| <b>Present Value of DBO at end of year</b>                  | <b>18.21</b>   | <b>11.41</b>   |

**Reconciliation of Fair Value of Plan Assets**

| Particulars                                     | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Fair Value of Plan Assets at start of year      | 13.06          | 14.54          |
| Expected return on plan assets                  | 0.84           | 1.04           |
| Contributions by employer                       | 4.29           | 0.50           |
| Benefits paid                                   | (2.30)         | (1.98)         |
| Actuarial gain / (loss)                         | (0.52)         | (1.04)         |
| <b>Fair value of plan assets at end of year</b> | <b>15.37</b>   | <b>13.06</b>   |

**Investment details of plan assets**

| Particulars                                      | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Balance with Life Insurance Corporation of India | 15.37          | 13.06          |

Information of investment details of plan assets are not available, hence not disclosed and the obligation is funded with Life Insurance Corporation of India.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Discount rate   | 3.86%          | 6.43%          |
| Expected rate of return on assets                               | 3.86%          | 6.43%          |
| Employee turnover (in service 0 years and below)                | 53%            | -              |
| Employee turnover (in service 1 years to 2 years)               | 46%            | -              |
| Employee turnover (in service 3 years to 4 years)               | 44%            | -              |
| Employee turnover (in service 5 years and above)                | 33%            | -              |
| Employee turnover (in service for 4 years and below)            | -              | 45.00%         |
| Employee turnover (in service for above 4 years)                | -              | 1.00%          |
| Salary growth rate  | 6.00%          | 6.00%          |
| Mortality Rate - Indian Assured Lives Mortality (IALM) Ultimate | IALM (2006-08) | IALM (2006-08) |
| Expected average remaining working lives of employees           | 1 Year         | 6 Years        |



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**Experience Adjustments for the year ended March 31, 2021**

| Particulars   | FY 20-21 | FY 19-20 | FY 18-19 | FY 17-18 | FY 16-17 |
|---|----------|----------|----------|----------|----------|
| Present Value of DBO at the end of the year               | 18.21    | 11.41    | 7.66     | 5.65     | 5.83     |
| Fair Valuation of Plan Assets                             | 15.37    | 13.06    | 14.54    | 9.59     | 8.74     |
| Funded Status [Surplus/(Deficit)]                         | (2.84)   | 1.66     | 6.89     | 3.94     | 2.91     |
| Experience adjustment on plan liabilities : Gain / (Loss) | (3.45)   | (1.71)   | (1.74)   | (3.16)   | (1.01)   |
| Experience adjustment on plan Assets : Gain / ( Loss )    | (0.52)   | (1.04)   | (0.69)   | (0.64)   | 0.07     |

**Experience Adjustments for the year ended March 31, 2020**

| Particulars   | FY 19-20 | FY 18-19 | FY 17-18 | FY 16-17 | FY 15-16 |
|---|----------|----------|----------|----------|----------|
| Present Value of DBO at the end of the year               | 11.41    | 7.66     | 5.65     | 5.83     | 2.92     |
| Fair Valuation of Plan Assets                             | 13.06    | 14.54    | 9.59     | 8.74     | 2.28     |
| Funded Status [Surplus/(Deficit)]                         | 1.66     | 6.89     | 3.94     | 2.91     | (0.64)   |
| Experience adjustment on plan liabilities : Gain / (Loss) | (1.71)   | (1.74)   | (3.16)   | (1.01)   | (0.04)   |
| Experience adjustment on plan Assets : Gain / ( Loss )    | (1.04)   | (0.69)   | (0.64)   | 0.07     | (0.09)   |

**Defined Contribution Plan - Provident Fund**

The Bank makes Provident Fund contributions to Employees Provident Fund Organisation for qualifying employees at the specified percentage of the payroll costs to the Fund. The Bank has recognised ₹ 34.30 crores (March 31, 2020: ₹ 25.87 crores) towards Provident Fund contributions.

**Employee benefits - compensated absences**

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at March 31, 2021 is ₹ 6.06 crores (March 31, 2020: ₹ 4.76 crores).

**Assumption used in determining the privilege leave liability**

|                                   | March 31, 2021 | March 31, 2020 |
|-----------------------------------|----------------|----------------|
| Discount rate                     | 3.86%          | 6.43%          |
| Salary escalation rate            | 6%             | 6%             |
| <b>Attrition rate:</b>            |                |                |
| For service 0 years and below     | 53%            |                |
| For service 1 years to 2 years    | 46%            |                |
| For service 3 years to 4 years    | 44%            |                |
| For service 5 years and above     | 33%            |                |
| For service for 4 years and below |                | 45%            |
| For service 4 years and above     |                | 1%             |



18. Disclosures on Remuneration

A) Qualitative Disclosures

(a) Information relating to the bodies that oversee remuneration.

**Name, composition and mandate of the main body overseeing remuneration**

The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. As at March 31, 2021, the NRC had six members of which four are Independent Directors. The functions of the Committee include recommendation of appointment of Directors to the Board, evaluation of performance of the Board, its Committees and directors including the Managing Director & CEO, overseeing the grant of options under the Employees Stock Option Scheme.

**External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process**

Not Applicable

**Scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches**

The Remuneration Policy of the Bank was approved by the Board on February 8, 2018, pursuant to the guidelines issued by RBI, to cover all employees of the Bank.

The Remuneration policy was amended by the Board on August 13, 2020 to align the policy in line with current regulatory amendments, Compensation Policy covers all employees of the Bank.

**Type of employees covered and number of such employees**

All permanent employees of the Bank are covered. The total number of permanent employees of the Bank at March 31, 2021 was 16,891 (March 31, 2020: 16,212), who were live as on reporting date including those on probation and confirmed employees.

b)

**Information relating to the design and structure of remuneration processes and Key features and objectives of remuneration policy**

The compensation philosophy of the Bank is structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. The main objectives of the remuneration policy of the Bank are as follows:

- Attract, engage and retain talent
- Ensure fairness in the pay structure
- Ensure alignment with the organizational values, i.e., Honesty, Discipline, Respect, Service
- Foster a culture of rewarding and recognizing performance.

**Effective governance of compensation:**

The NRC shall oversee the framing, review and implementation of the compensation policy. The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

**Alignment of compensation philosophy with prudent risk taking:**

The employee's compensation will take account of the risks that he/she takes on behalf of the organization and intends to discourage excessive risk taking. It ensures that the compensation works in harmony with other practices to implement balanced risk postures. Also, the committee shall ensure that employees engaged in financial and risk control will be interdependent, have appropriate authority and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank.

**Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:**

The Board/NRC has been appraised of the Bank's remuneration practices.

**Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:**

The committee shall ensure that employees engaged in financial and risk control will be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank. The remuneration for the employees in the risk and compliance function will be determined independent of other business areas and shall be adequate to attract qualified and experienced professionals. The performance measures of such employees shall be based principally on the achievement of the objectives of their functions.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

**Overview of the key risks that the Bank takes into account when implementing remuneration measures:**

The committee shall work in close coordination with Risk Management Committee of the small finance bank, in order to achieve effective alignment between remuneration and risks.

**Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:**

Compensation works in harmony with other practices to implement balanced risk postures.



18. Disclosures on Remuneration (Contd.)

**Discussion of the ways in which these measures affect remuneration:**

The employee's compensation will take account of the risks that he/she takes on behalf of the organization and intends to discourage excessive risk taking. It ensures that the compensation works in harmony with other practices to implement balanced risk postures.

**Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:**

Not applicable

**d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration overview of main performance metrics for the Bank, top level business lines and individuals from overview:**

The main performance metrics include profitability, business growth, asset quality, compliance and customer service.

**Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:**

The assessment of employees shall be based on their performance with respect to their result areas and shall include the metrics mentioned above.

**Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics:**

The Board/ NRC shall review and provide an overall guidance on the measures to be taken.

**e) Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance**

**Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:**

Not Applicable.

**Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:**

Not Applicable.

**f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms. Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance.**

Variable remuneration includes following distinct forms:

**1. Statutory Bonus:**

Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

**2. Performance Pay:**

- (a) Performance Bonus: All employees who are not a part of an Incentive/ Sales Award Scheme but part of the year end performance review will be covered under the Performance Bonus Plan of the Bank. However, the actual payout of performance bonus shall be paid on pro-rated basis, only to employees who have the met performance criteria.
- (b) Sales and Collection Incentive: Employees in the Sales and collection function, directly responsible for revenue generation and collection shall be covered under the Sales and Collection Incentive Scheme on meeting the criteria of the respective scheme. Typically some of the entry level roles and upto two levels of supervision thereof shall be covered by sales awards.

**3. Rewards & Recognition:**

The policy has been laid out keeping the following perspectives into considerations:

Bank shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable.



**JANA SMALL FINANCE BANK LIMITED**  
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**18. Disclosures on Remuneration contd..**

The quantitative disclosures cover should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers of the Bank. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Taker include Managing Director/Chief Executive Officer.

**B) Quantitative Disclosure**

| Sr. No.   | Subject   | March 31, 2021  |  | March 31, 2020        |                                  |
|-----------|---|---|--|-----------------------|----------------------------------|
|           |   | Number of meetings: 7   | Remuneration paid: ₹ 0.07 crores   | Number of meetings: 4 | Remuneration paid: ₹ 0.02 crores |
| (a)       | Number of meetings held by the NRC during the financial year and remuneration paid to its members                                     | 7   | ₹ 0.07 crores  | 4                     | ₹ 0.02 crores                    |
| (b) (i)   | Number of employees having received a variable remuneration award during the financial year   | None  | None   | None                  | None                             |
| (b) (ii)  | Number and total amount of sign on awards made during the financial year  | None  | None   | None                  | None                             |
| (b) (iii) | Details of guaranteed bonus, if any, paid as joining /sign on bonus   | None  | None   | None                  | None                             |
| (b) (iv)  | Details of severance pay, in addition to accrued benefits, if any   | None  | None   | None                  | None                             |
| (c) (i)   | Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms               | 5,67,647 shares granted under ESOP scheme and 61,193 units under RSU scheme till March 31, 2021, yet to be exercised. 25,672 RSUs are granted during the year. <sup>5</sup><br>Out of stock options granted 1,41,916 shares are unvested and 8,849 RSUs are unvested. | 567,647 shares granted under ESOP scheme and 44,370 units under RSU scheme in previous years yet to be exercised. There are no grants during the year.<br>Out of the stock options granted 2,83,829 shares are unvested. |                       |                                  |
| (c) (ii)  | Total amount of deferred remuneration paid out in the financial year  | Variable pay for FY 18-19 of ₹ 1.21 crores <sup>3</sup>   | None   |                       |                                  |
| (d) (i)   | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred               | Fixed Pay : ₹ 4.56 crores<br>Car EMI : ₹ 0.13 crores<br>Variable pay : ₹ 2.00 crores <sup>4</sup>   | Fixed Pay : ₹ 4.74 crores<br>Car EMI : ₹ 0.13 crores<br>Variable pay : ₹ 1.20 crores <sup>3</sup>  |                       |                                  |
| (e) (i)   | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments | None  | None   |                       |                                  |
| (e) (ii)  | Total amount of reductions during the financial year due to ex post explicit adjustments  | None  | None   |                       |                                  |
| (e) (iii) | Total amount of reductions during the financial year due to ex post implicit adjustments  | None  | None   |                       |                                  |

\* Fixed pay includes basic salary, contribution to provident fund and reimbursements.

1. The remuneration to MD/CEO does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Bank as a whole.

2. Fixed pay includes basic salary, contribution to provident fund and reimbursements.

3. Provisioned for variable pay for the financial year 2018-19 and paid during financial year 2020-21. This does not include the amount payable for the financial year 2019-20.

4. Provisioned during the year for variable pay for the financial year 2019-20 and paid in Apr-2021.

5. Includes restrictive stock units of 8,849 units allotted on 01-Apr-21 related to the financial year 2019-20.



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**18. Disclosures on Remuneration contd..**  
**C) Quantitative Disclosure contd....**  
 The quantitative disclosures cover should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers of the Bank. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile.

Remuneration paid to other directors for the year ended March 31, 2021

| Sr. No. | Particulars of Remuneration   | Name of the Directors  |                   |               |               |                |              |             | Total Amount |
|---------|---|--|-------------------|---------------|---------------|----------------|--------------|-------------|--------------|
|         |   | Vikram Gandhi  | Vijayalatha Reddy | R. Ramaseshan | Chitra Talwar | Eugene Karthak | P R Seshadri |             |              |
| 1       | Independent Directors   |  |                   |               |               |                |              |             |              |
|         | Fee for attending board committee meetings  | 0.02   | 0.09              | 0.11          | 0.09          | 0.07           | 0.07         | 0.45        |              |
|         | Commission  | -  | -                 | -             | -             | -              | -            | -           |              |
|         | Others, please specify  | -  | -                 | -             | -             | -              | -            | -           |              |
|         | <b>Total (1)</b>  | <b>0.02</b>  | <b>0.09</b>       | <b>0.11</b>   | <b>0.09</b>   | <b>0.07</b>    | <b>0.07</b>  | <b>0.45</b> |              |
| 2       | Other Non-Executive Directors   |  |                   |               |               |                |              |             |              |
|         | Fee for attending board committee meetings  | -  | -                 | 0.06          | -             | -              | -            | 0.06        |              |
|         | Commission  | -  | -                 | -             | -             | -              | -            | -           |              |
|         | Others, please specify  | -  | -                 | -             | -             | -              | -            | -           |              |
|         | <b>Total (2)</b>  | <b>-</b>   | <b>-</b>          | <b>0.06</b>   | <b>-</b>      | <b>-</b>       | <b>-</b>     | <b>0.06</b> |              |
|         | <b>Total (1)+(2)</b>  | <b>0.02</b>  | <b>0.09</b>       | <b>0.17</b>   | <b>0.09</b>   | <b>0.07</b>    | <b>0.07</b>  | <b>0.51</b> |              |
|         | Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting) | The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013. |                   |               |               |                |              |             |              |



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**18. Disclosures on Remuneration contd..**

**C) Quantitative Disclosure contd...**

The quantitative disclosures cover should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers of the Bank. Key Risk Takers are individuals who can materially set, commit amounts of the Bank's resources, and / or exert significant influence over its risk profile.

**Remuneration paid to other directors for the previous year ended March 31, 2020**

| Sr. No. | Particulars of Remuneration   | Name of the Directors  |                   |               |                         |               | Total Amount |
|---------|---|--|-------------------|---------------|-------------------------|---------------|--------------|
|         |   | Vikram Gandhi  | Vijayalatha Reddy | R. Ramaseshan | Rama Subramaniam Gandhi | Chitra Talwar |              |
| 1       | Independent Directors   |  |                   |               |                         |               |              |
|         | Fee for attending board committee meetings  | 0.04   | 0.07              | 0.09          | 0.01                    | 0.01          | 0.22         |
|         | Commission  | -  | -                 | -             | -                       | -             | -            |
|         | Others, please specify  | -  | -                 | -             | -                       | -             | -            |
|         | <b>Total (1)</b>  | <b>0.04</b>  | <b>0.07</b>       | <b>0.09</b>   | <b>0.01</b>             | <b>0.01</b>   | <b>0.22</b>  |
| 2       | Other Non-Executive Directors   |  |                   |               |                         |               |              |
|         | Fee for attending board committee meetings  |  |                   |               |                         |               |              |
|         | Commission  |  |                   |               |                         |               |              |
|         | Others, please specify  |  |                   |               |                         |               |              |
|         | <b>Total (2)</b>  | <b>-</b>   | <b>-</b>          | <b>-</b>      | <b>-</b>                | <b>-</b>      | <b>-</b>     |
|         | <b>Total (1)+(2)</b>  | <b>0.04</b>  | <b>0.07</b>       | <b>0.09</b>   | <b>0.01</b>             | <b>0.01</b>   | <b>0.22</b>  |
|         | Overall Ceiling as per the Act (sitting fees not to exceed ₹ 100,000 per meeting) | The Bank pays sitting fees to Non-Executive Directors which is below the ceiling of ₹ 100,000 per meeting as prescribed under the Companies Act, 2013. |                   |               |                         |               |              |





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**19. Segment Reporting**

**Business Segments**

Business segments have been identified and reported taking into account, the customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the guidelines prescribed by the RBI. The Bank operates in the following segments:

**a) Treasury**

The treasury segment primarily consists of entire investment portfolio of the Bank.

**b) Retail Banking**

The retail banking segment serves retail customers through a branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with banks and financial institutions. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.

**c) Wholesale Banking**

Wholesale Banking includes all advances to companies and statutory bodies, which are not included under Retail Banking.

**d) Other Banking Operation**

Other Banking includes other items not attributable to any particular business segment.

**e) Unallocated**

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, and other unallocable assets and liabilities not identifiable to particular segment such as deferred tax, prepaid expenses, etc.

**Geographical segments**

The business operations of the Bank are concentrated in India hence the Bank is considered to operate only in domestic segment.

**Segment Notes:**

1. The Reportable segments are identified into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in compliance with the RBI guidelines.
2. The Bank has formulated and implemented Funds Transfer Pricing (FTP) methodology during the year ended September 30, 2020 and the allocation of revenue and cost on account of FTP is made between the segments.
3. Unallocated assets and liabilities pertain to the assets and liabilities not identifiable to the particular segment.



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**  
 (All amounts are in Indian Rupees in Crores unless otherwise stated)

Segment reporting for the year ended March 31, 2021 and previous year ended March 31, 2020 is given below:

(₹ in Crores)

| Business Segments                | Treasury                 |                          | Corporate / Wholesale Banking |                          | Retail Banking           |                          | Other Banking Operations |                          | Total                    |                          |
|----------------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                  | Year ended<br>31.03.2021 | Year ended<br>31.03.2020 | Year ended<br>31.03.2021      | Year ended<br>31.03.2020 | Year ended<br>31.03.2021 | Year ended<br>31.03.2020 | Year ended<br>31.03.2021 | Year ended<br>31.03.2020 | Year ended<br>31.03.2021 | Year ended<br>31.03.2020 |
| Particulars                      |                          |                          |                               |                          |                          |                          |                          |                          |                          |                          |
| Revenue                          | 794.96                   | 629.59                   | 58.89                         | 26.73                    | 3,618.06                 | 3,160.06                 | 7.25                     | 7.25                     | 4,479.16                 | 3,823.63                 |
| Less: Inter Segment Revenue      |                          |                          |                               |                          |                          |                          |                          |                          | (1,746.37)               | (1,398.86)               |
| <b>Income from Operations</b>    |                          |                          |                               |                          |                          |                          |                          |                          | <b>2,732.79</b>          | <b>2,424.77</b>          |
| Result                           | (97.75)                  | (104.21)                 | 7.77                          | (0.19)                   | 176.34                   | 138.41                   | (2.05)                   | (3.88)                   | 84.31                    | 30.13                    |
| Unallocated result               |                          |                          |                               |                          |                          |                          |                          |                          |                          |                          |
| <b>Operating profit</b>          |                          |                          |                               |                          |                          |                          |                          |                          | <b>84.31</b>             | <b>30.13</b>             |
| Income taxes                     |                          |                          |                               |                          |                          |                          |                          |                          |                          |                          |
| Extraordinary profit/loss        |                          |                          |                               |                          |                          |                          |                          |                          | -                        | -                        |
| Net profit                       |                          |                          |                               |                          |                          |                          |                          |                          | 84.31                    | 30.13                    |
| <b>Other information:</b>        |                          |                          |                               |                          |                          |                          |                          |                          |                          |                          |
| Segment assets                   | 6,942.53                 | 3,569.95                 | 874.94                        | 332.38                   | 11,012.40                | 9,972.90                 | 18.45                    | 23.68                    | 18,848.32                | 13,898.91                |
| Unallocated assets               |                          |                          |                               |                          |                          |                          |                          |                          | 232.86                   | 245.60                   |
| <b>Total assets</b>              | <b>6,942.53</b>          | <b>3,569.95</b>          | <b>874.94</b>                 | <b>332.38</b>            | <b>11,012.40</b>         | <b>9,972.90</b>          | <b>18.45</b>             | <b>23.68</b>             | <b>19,081.18</b>         | <b>14,144.51</b>         |
| Segment liabilities              | 4,916.07                 | 3,001.04                 | 7.45                          | 1.51                     | 13,002.53                | 10,070.00                | -                        | -                        | 17,926.05                | 13,072.55                |
| <b>Unallocated liabilities</b>   |                          |                          |                               |                          |                          |                          |                          |                          | 28.27                    | 28.45                    |
| Capital and reserves             | 2,026.46                 | 568.91                   | 867.49                        | 330.87                   | (1,990.13)               | (97.10)                  | 18.45                    | 23.68                    | 922.27                   | 826.36                   |
| Unallocated capital and reserves |                          |                          |                               |                          |                          |                          |                          |                          | 204.59                   | 217.15                   |
| <b>Total liabilities</b>         | <b>6,942.53</b>          | <b>3,569.95</b>          | <b>874.94</b>                 | <b>332.38</b>            | <b>11,012.40</b>         | <b>9,972.90</b>          | <b>18.45</b>             | <b>23.68</b>             | <b>19,081.18</b>         | <b>14,144.51</b>         |



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**20. Liquidity Coverage Ratio**

Quantitative information on Liquidity coverage ratio (LCR) is given below:

| Particulars  | June 30, 2020          |                                | September 30, 2020     |                                | December 31, 2020      |                                | March 31, 2021         |                                |
|--|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|
|  | Total unweighted value | Total weighted value (average) | Total unweighted value | Total weighted value (average) | Total unweighted value | Total weighted value (average) | Total unweighted value | Total weighted value (average) |
| <b>1 Total High Quality Liquid Assets (HQLA)</b>                               | 2,962.21               | 2,962.21                       | 4,625.75               | 4,625.75                       | 4,500.67               | 4,500.67                       | 5,708.03               | 5,708.03                       |
| <b>Cash Outflows</b>   |                        |                                |                        |                                |                        |                                |                        |                                |
| 2 Retail deposits and deposits from small business customers, of which:        | 5,096.25               | 375.48                         | 5,597.43               | 370.90                         | 5,962.43               | 392.81                         | 6,718.81               | 444.36                         |
| (i) Stable deposits  | 2,682.98               | 134.15                         | 3,776.88               | 188.84                         | 4,068.49               | 203.42                         | 4,550.43               | 227.52                         |
| (ii) Less stable deposits  | 2,413.27               | 241.33                         | 1,820.55               | 182.06                         | 1,893.94               | 189.39                         | 2,168.38               | 216.84                         |
| 3 Unsecured wholesale funding, of which:                                       | 943.51                 | 91.08                          | 1,045.15               | 101.32                         | 849.21                 | 79.48                          | 836.72                 | 80.90                          |
| (i) Operational deposits (all counterparties)                                  | -                      | -                              | -                      | -                              | -                      | -                              | -                      | -                              |
| (ii) Non-operational deposits (all counterparties)                             | 943.51                 | 91.08                          | 1,045.15               | 101.32                         | 849.21                 | 79.48                          | 836.72                 | 80.90                          |
| (iii) Unsecured debt   | -                      | -                              | -                      | -                              | -                      | -                              | -                      | -                              |
| 4 Secured wholesale funding  | 233.57                 | 233.57                         | 137.09                 | 137.09                         | 262.83                 | 262.83                         | 92.61                  | 92.61                          |
| 5 Additional requirements, of which  | 45.48                  | 15.72                          | 19.94                  | 1.00                           | 25.34                  | 1.27                           | 51.62                  | 2.58                           |
| (i) Outflows related to derivative exposures and other collateral requirements | -                      | -                              | -                      | -                              | -                      | -                              | -                      | -                              |
| (ii) Outflows related to loss of funding on debt products                      | -                      | -                              | -                      | -                              | -                      | -                              | -                      | -                              |
| (iii) Credit and liquidity facilities  | 45.48                  | 15.72                          | 19.94                  | 1.00                           | 25.34                  | 1.27                           | 51.62                  | 2.58                           |
| 6 Other contractual funding obligation   | 112.92                 | 112.92                         | 169.89                 | 169.89                         | 173.61                 | 173.61                         | 240.19                 | 240.19                         |
| 7 Other contingent funding obligations   | 38.09                  | 1.88                           | 37.16                  | 1.83                           | 37.16                  | 1.83                           | 37.19                  | 1.83                           |
| 8 Total cash outflows  | 6,469.82               | 830.65                         | 7,006.66               | 782.03                         | 7,310.58               | 911.83                         | 7,977.14               | 862.47                         |
| <b>Cash Inflows</b>  |                        |                                |                        |                                |                        |                                |                        |                                |
| 9 Secured lending (e.g. reverse repo)  | -                      | -                              | -                      | -                              | -                      | -                              | -                      | -                              |
| 10 Inflows from fully performing exposures                                     | 243.89                 | 127.08                         | 557.31                 | 284.93                         | 659.76                 | 329.88                         | 740.46                 | 370.23                         |
| 11 Other cash inflows  | 0.05                   | 0.05                           | 0.01                   | 0.01                           | 24.04                  | 24.04                          | 16.44                  | 16.44                          |
| 12 Total cash inflows  | 243.94                 | 127.13                         | 557.32                 | 284.94                         | 683.80                 | 353.92                         | 756.90                 | 386.67                         |
| 21 Total HQLA  | 2,962.21               | 2,962.21                       | 4,625.75               | 4,625.75                       | 4,500.67               | 4,500.67                       | 5,708.03               | 5,708.03                       |
| 22 Total Net Cash Outflows   | 6,225.88               | 703.52                         | 6,449.34               | 497.09                         | 6,626.78               | 557.91                         | 7,220.24               | 475.80                         |
| 23 Liquidity Coverage Ratio (%)  |                        | 421.06%                        |                        | 930.57%                        |                        | 806.70%                        |                        | 1199.67%                       |



**JANA SMALL FINANCE BANK LIMITED**  
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**20. Liquidity Coverage Ratio contd..**

| Particulars  | June 30, 2019**                   |                                  | September 30, 2019**              |                                  | December 31, 2019**               |                                  | March 31, 2020                   |                                |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|--------------------------------|
|  | Total unweighted value (average)* | Total weighted value (average)** | Total unweighted value (average)* | Total weighted value (average)** | Total unweighted value (average)* | Total weighted value (average)** | Total unweighted value (average) | Total weighted value (average) |
| 1 Total High Quality Liquid Assets (HQLA)                                      | 1,901.53                          | 1,901.53                         | 2,117.76                          | 2,117.76                         | 2,376.40                          | 2,376.40                         | 2,720.65                         | 2,720.65                       |
| <b>Cash Outflows</b>   |                                   |                                  |                                   |                                  |                                   |                                  |                                  |                                |
| 2 Retail deposits and deposits from small business customers, of which:        | 2,802.30                          | 238.41                           | 3,813.78                          | 323.31                           | 4,544.69                          | 384.25                           | 4,959.16                         | 417.93                         |
| (i) Stable deposits  | 836.28                            | 41.81                            | 1,161.43                          | 58.07                            | 1,404.26                          | 70.21                            | 1,559.80                         | 77.99                          |
| (ii) Less stable deposits  | 1,966.02                          | 196.60                           | 2,652.35                          | 265.24                           | 3,140.43                          | 314.04                           | 3,399.36                         | 339.94                         |
| 3 Unsecured wholesale funding, of which:                                       | 531.66                            | 181.97                           | 666.22                            | 184.01                           | 760.42                            | 213.92                           | 832.73                           | 100.05                         |
| (i) Operational deposits (all counterparties)                                  | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| (ii) Non-operational deposits (all counterparties)                             | 388.14                            | 38.45                            | 535.18                            | 52.97                            | 606.42                            | 59.92                            | 813.09                           | 80.41                          |
| (iii) Unsecured debt   | 143.52                            | 143.52                           | 131.04                            | 131.04                           | 154.00                            | 154.00                           | 19.64                            | 19.64                          |
| 4 Secured wholesale funding  | 137.60                            | 129.27                           | 61.85                             | 11.85                            | 241.25                            | 191.25                           | 132.90                           | 132.90                         |
| 5 Additional requirements, of which  | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| (i) Outflows related to derivative exposures and other collateral requirements | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| (ii) Outflows related to loss of funding on debt products                      | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| (iii) Credit and liquidity facilities  | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| 6 Other contractual funding obligation   | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| 7 Other contingent funding obligations   | 48.35                             | 2.25                             | 49.68                             | 2.23                             | 40.10                             | 1.76                             | 39.61                            | 1.92                           |
| 8 Total cash outflows  | 3,519.91                          | 551.90                           | 4,591.53                          | 521.40                           | 5,586.46                          | 791.18                           | 5,964.40                         | 652.80                         |
| <b>Cash Inflows</b>  |                                   |                                  |                                   |                                  |                                   |                                  |                                  |                                |
| 9 Secured lending (e.g. reverse repo)  | -                                 | -                                | -                                 | -                                | -                                 | -                                | -                                | -                              |
| 10 Inflows from fully performing exposures                                     | 465.28                            | 229.31                           | 494.72                            | 247.36                           | 576.13                            | 288.06                           | 574.17                           | 287.08                         |
| 11 Other cash inflows  | 2.57                              | 2.57                             | 3.60                              | 3.60                             | 2.63                              | 2.63                             | 0.03                             | 0.03                           |
| 12 Total cash inflows  | 467.85                            | 231.88                           | 498.32                            | 250.96                           | 578.76                            | 290.69                           | 574.20                           | 287.11                         |
| 21 Total HQLA  | 1,901.53                          | 1,901.53                         | 2,117.76                          | 2,117.76                         | 2,376.40                          | 2,376.40                         | 2,720.65                         | 2,720.65                       |
| 22 Total Net Cash Outflows   | 3,052.06                          | 320.02                           | 4,093.21                          | 270.44                           | 5,007.70                          | 500.49                           | 5,390.20                         | 365.69                         |
| 23 Liquidity Coverage Ratio (%)  |                                   | 594.19%                          |                                   | 785.09%                          |                                   | 474.81%                          |                                  | 743.98%                        |

**Notes:**

\*Average weighted and unweighted amounts are calculated taking three point averages for all quarters for the relevant period and not as simple average based on daily observation for the respective quarters. As on date balances have been considered to compute the monthly averages which in turn is used as an average for the quarter.

\*\* The disclosure for the quarter ended June 30, 2019, September 30, 2019 and December 31, 2019 is based on the average of monthly BLR return (BLR 1) for the respective quarters filed by the Bank with the RBI. The disclosure of average weighted and unweighted amounts are calculated as simple average based on daily observation for the respective quarters from March 2020 onwards.

**Qualitative disclosure on LCR**

- The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. It aims to ensure that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day liquidity under stress scenario.
- The LCR is calculated by dividing the amount of high quality liquid unencumbered assets (HQLA) by the estimated net outflows over 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days.
- The Bank has started submitting LCR reports to RBI from March 2018. Currently the liquidity coverage ratio is higher than minimum regulatory threshold. The Bank follows the criteria laid down by the RBI for month end calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-days period (subject to Note \* mentioned above). HQLA predominantly comprises Government securities in excess of minimum SLR and CRR requirement viz. Treasury Bills, Central government securities, marginal liquidity facility allowed by RBI under marginal standing facility (MSF) and facility to avail liquidity for liquidity coverage ratio (FALLCR). Bank is presently funded through deposits, TBPIC and long term borrowings viz Debentures, Term loans and money market operations. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.
- The Bank classifies all the deposits from non-natural persons into Non-operational deposits (all counterparties) under 'Unsecured Wholesale Funding'.
- The Bank is unable to substantiate whether the contractual inflows from the outstanding exposures pertained to fully performing advances without any reason to expect any default within the 30-day time horizon.



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**21. Related party disclosures**

| A. Names of the related parties where control exists                              |  | Nature of relationship  |   |   |   |
|---|--|---|---|---|---|
| i. Mr. Ramesh Ramamathan  |  | Non Executive Chairman  |   |   |   |
| ii. Mr. Ajay Kanwal   |  | Managing Director & Chief Executive Officer   |   |   |   |
| B. Others - with whom transactions have taken place during the year               |  | Nature of relationship  |   |   |   |
| i. Jana Urban Services for Transformation Private Limited                         |  | Private company in which director or his relative is member or director   |   |   |   |
| ii. Jana Urban Space Foundation (India)   |  | Private company in which director or his relative is member or director   |   |   |   |
| iii. Cross Domain Solutions Private Limited                                       |  | Public limited company in which director or his relative is member or director                                  |   |   |   |
| iv. Jana Holding Limited  |  | Public limited company in which director or his relative is member or director and the holding company          |   |   |   |
| v. Jana Capital Limited   |  | Public limited company in which director or his relative is member or director and the ultimate holding company |   |   |   |
| vi. Janaadhar (India) Pvt. Ltd  |  | Private company in which director or his relative is member or director   |   |   |   |
| vii. Jana Urban Foundation (Section 25 Company - not for profit)                  |  | Private company in which director or his relative is member or director   |   |   |   |
| viii. Mr. Anurag Adlakha  |  | Chief Financial Officer (upto July 04, 2019)  |   |   |   |
| ix. Mr. Kabil Krishan   |  | Chief Financial Officer (w.e.f. August 14, 2019)  |   |   |   |
| x. Ms. Lakshmi R N  |  | Company Secretary   |   |   |   |
| Name of related party   | Nature of transactions   | Transaction value for the year ended March 31, 2021   | Outstanding amount as at March 31, 2021 | Transaction value for the year ended March 31, 2020 | Outstanding amount as at March 31, 2020 |
| <b>A. Private company in which director or his relative is member or director</b> |  |   |   |   |   |
| 1. Jana Holding Limited   | Reimbursement of expense<br>Issue of equity shares (1,545,596 equity shares) | -<br>0.01   | -<br>2,324.17                           | 2.09<br>147.00                                      | -<br>2,324.17                           |
| 2. Jana Urban Space Foundation (India)  | Rendered professional services   | -   | -                                       | 0.01  | -                                       |
| 3. Cross Domain Solutions Private Limited   | Receiving of services  | -   | -                                       | 0.65  | -                                       |
| 4. Jana Urban Foundation  | Royalty payments   | 4.96  | -                                       | 1.47  | 1.93                                    |
| 5. Jana Capital Limited   | Rendered professional services<br>Reimbursement of expense                   | 0.01<br>-   | -<br>-                                  | 0.01<br>0.03  | -<br>-                                  |
| <b>B. Directors</b>   |  |   |   |   |   |
| <b>C. Key Management Personnel* (KMP)</b>   |  |   |   |   |   |
| 1. Mr. Ajay Kanwal  | Salary   | 6.69  | 2.00                                    | 9.47  | 4.60                                    |
| 2. Mr. Anurag Adlakha   | Salary   | -   | -                                       | 0.41  | -                                       |
| 3. Mr. Kabil Krishan  | Salary   | 1.23  | -                                       | 0.98  | 0.02                                    |
| 4. Ms. Lakshmi R N  | Salary   | 0.24  | -                                       | 0.24  | -                                       |
| <b>D. Deposits of related parties</b>   |  |   |   |   |   |
| KMP   | Deposit  | 0.60  | 0.60                                    | 0.73  | 0.77                                    |
| Relatives of KMP  | Interest   | -   | -                                       | 0.04  | -                                       |
|   | Deposit  | 0.03  | 0.04                                    | 0.03  | 0.04                                    |
| Director  | Interest   | -   | -                                       | -   | -                                       |
|   | Deposit  | 1.49  | 1.54                                    | 0.54  | 0.58                                    |
| Relatives of Director   | Interest   | 0.06  | -                                       | 0.04  | -                                       |
|   | Deposit  | 0.72  | 0.73                                    | 0.43  | 0.43                                    |
| Private company in which director or his relatives is member or director          | Interest   | 0.01  | -                                       | -   | -                                       |
|   | Deposit  | 8.84  | 9.00                                    | 6.07  | 6.27                                    |
|   | Interest   | 0.16  | -                                       | 0.20  | -                                       |

\*The remuneration does not include cost of retirement benefit such as gratuity and compensated absences since provision for these are based on an actuarial valuation carried out for the Company as whole.



**Schedule 18 - Notes forming part of the Financial Statements for the year ended March 31, 2021**

**22. Deferred Tax Assets**

The Bank has not recognised deferred tax asset or deferred tax liability for the current year and previous year. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is virtually certain to be realized.

The Bank had brought forward losses from March 31, 2018 to March 31, 2020 and profit for the year ended March 31, 2021. The net deferred tax asset amounting to ₹1,018.46 crores as at March 31, 2021 has not been recognised. The said amount of ₹ 1,018.46 crores will be available to offset tax on future taxable income. (March 31, 2020: ₹ 1,085.91 crores)

**23. Unhedged Foreign currency Exposure**

The Bank doesn't have any unhedged foreign currency exposure as at March 31, 2021 (March 31, 2020: Nil)

**24. Leases**

Operating lease primarily comprises of office premises; which are renewable at the option of the Bank. The following table sets forth the details of future rentals payable on non-cancellable operating leases :

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Not later than one year                                       | 2.11           | 6.12           |
| Later than one year but not later than five years             | 8.52           | 26.31          |
| Later than five years   | -              | 1.04           |
| Minimum lease payments recognised in Profit and Loss Account  | 81.42          | 88.10          |
| - Of which lease expense pertaining to non-cancellable leases | 4.52           | 6.39           |

The terms of renewal and escalation clauses are those normally prevalent in similar agreements, there are no undue restrictions or onerous clauses in the agreement. All other operating lease agreements entered into by the Bank are cancellable in nature.

The Bank has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

**25. Customer Complaints**

| Particulars   | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| <b>Complaints received by the bank from its customers</b>                                       |                |                |
| 1. Number of complaints pending at beginning of the year  | 185            | 223            |
| 2. Number of complaints received during the year  | 7,311          | 12,741         |
| 3. Number of complaints disposed during the year  | 7,285          | 12,779         |
| 3.1 Of which, number of complaints rejected by the bank   | 0              | 0              |
| 4. Number of complaints pending at the end of the year  | 211            | 185            |
| <b>Maintainable complaints received by the bank from OBOs</b>                                   |                |                |
| 5. Number of maintainable complaints received by the bank from OBOs                             | 204            | 59             |
| 5.1 Of 5, number of complaints resolved in favour of the bank by BOs                            | 192            | 53             |
| 5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs | 12             | 6              |
| 5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank         | 0              | 0              |
| 6. Number of Awards unimplemented within the stipulated time (other than those appealed)        | -              | -              |

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

**Top five grounds of complaints received by the bank from customers**

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|---|---|---|
| <b>March 31, 2021</b>                                |   |   |   |   |   |
| Deposit Accounts                                     | 51  | 2710  | -1%   | 38  | -   |
| ATM / Debit Cards                                    | 54  | 1387  | -68%  | 30  | -   |
| Loans & advances                                     | 27  | 1342  | -36%  | 44  | -   |
| Net Banking / Mobile Banking / Point of Sales        | 19  | 1278  | -54%  | 41  | -   |
| Staff Behaviour                                      | 2   | 347   | -14%  | 6   | -   |
| <b>Total</b>   | <b>153</b>  | <b>7064</b>                                   | <b>-43%</b>   | <b>159</b>  | <b>-</b>  |



JANA SMALL FINANCE BANK LIMITED  
 SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)  
 (All amounts are in Indian Rupees in Crores unless otherwise stated)

| Grounds of complaints,<br>(i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|---|---|---|---|---|---|
| March 31, 2020  |   |   |   |   |   |
| ATM / Debit Cards                                       | 24  | 4351  | 456%  | 54  | 8   |
| Net Banking / Mobile Banking / Point of Sales           | 18  | 2771  | 25%   | 19  | -   |
| Deposit Accounts  | 40  | 2740  | 5%  | 51  | -   |
| Loans & advances  | 97  | 2088  | -66%  | 27  | -   |
| Staff Behaviour   | 9   | 405   | -38%  | 2   | -   |
| <b>Total</b>  | <b>188</b>  | <b>12355</b>                                  | <b>-1%</b>  | <b>153</b>  | <b>8</b>  |

**26. Corporate Social Responsibility (CSR)**

Gross amount required to be spent on CSR activities by the Bank for the year ended March 31, 2021 is Nil (March 31, 2020: Nil) under section 135 of the Companies Act, 2013.

**a) Amount spent during the year ended March 31, 2021**

| Particulars                            | Amount spent | Amount unpaid / provision | Total       |
|--|--------------|---------------------------|-------------|
| i) Construction / acquisition of asset | -            | -                         | -           |
| ii) on purpose other than (i) above    | 0.76         | -                         | 0.76        |
| <b>Total</b>                           | <b>0.76</b>  | <b>-</b>                  | <b>0.76</b> |

**b) Amount spent during the year ended March 31, 2020**

| Particulars                            | Amount spent | Amount unpaid / provision | Total       |
|--|--------------|---------------------------|-------------|
| i) Construction / acquisition of asset | -            | -                         | -           |
| ii) on purpose other than (i) above    | 0.17         | -                         | 0.17        |
| <b>Total</b>                           | <b>0.17</b>  | <b>-</b>                  | <b>0.17</b> |

As part of organisational effort to rationalize costs, the Management took a strategic decision to limit the CSR expenditure during the current year and previous year.

**27. Off balance sheet SPVs**

During the year ended March 31, 2021, there are no off balance sheet SPVs sponsored by the Bank, which needs to be consolidated as per accounting norms (March 31, 2020: Nil).

**28. Small and micro industries**

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments for the year ended March 31, 2021 (March 31, 2020: Nil).

**29. Transfers to Depositor Education and Awareness Fund (DEAF)**

During the year ended March 31, 2021, no amount was required to be transferred to Depositor Education and Awareness Fund. (March 31, 2020: Nil)

**30. Overseas Assets, NPAs and Revenue**

The Bank does not hold any overseas assets / NPA as at March 31, 2021 and no overseas operations were undertaken during the year ended March 31, 2021 hence revenue from overseas operation is Nil. (March 31, 2020: Nil)

**31. Fraud cases reported**

| Particulars                       | March 31, 2021 | March 31, 2020 |
|-----------------------------------|----------------|----------------|
| Number of cases Reported          | 573            | 1,623          |
| Opening Balance                   | 10.95          | 13.16          |
| Amount of Fraud                   | 3.78           | 7.83           |
| Recovery / Write off of provision | (8.22)         | (10.04)        |
| <b>Closing Balance*</b>           | <b>6.51</b>    | <b>10.95</b>   |

\* Includes reclass of fraud provision to 'Schedule 9 - Net advances' (provision for non-performing asset) amounting to ₹ 4.98 crores for the year ended March 31, 2021 (March 31, 2020: Nil).



**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**32. Bancassurance Business**

The following table shows breakup of income earned from sale of insurance products.

| Nature of Income                               | March 31, 2021 | March 31, 2020 |
|--|----------------|----------------|
| Towards selling of life insurance policies     | 16.30          | 10.96          |
| Towards selling of non-life insurance policies | 2.63           | 0.21           |
| <b>Total</b>                                   | <b>18.93</b>   | <b>11.17</b>   |

**33. Priority Sector Lending Certificates ('PSLCs'):**

| PSLC Category              | March 31, 2021 |           | March 31, 2020 |                 |
|----------------------------|----------------|-----------|----------------|-----------------|
|                            | PSLC Bought    | PSLC Sold | PSLC Bought    | PSLC Sold       |
| Agriculture                | -              | -         | 600.00         | -               |
| Small and Marginal Farmers | -              | -         | -              | -               |
| Micro Enterprises          | -              | -         | -              | -               |
| General                    | -              | -         | -              | 1,000.00        |
| <b>Total</b>               | <b>-</b>       | <b>-</b>  | <b>600.00</b>  | <b>1,000.00</b> |

**34. Inter-bank Participation (IBPC) with and without risk sharing**

The Bank has raised funds through of issue of IBPCs with and without risk sharing. The outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) is ₹ 889.88 crores and Nil respectively as on March 31, 2021. Outstanding balance of IBPC (risk sharing) and IBPC (non-risk sharing) is ₹ 1,115.82 crores and Nil respectively as on March 31, 2020.

**35. Details of payments to Auditors as per the Profit and Loss Account**

| Particulars            | March 31, 2021 | March 31, 2020 |
|------------------------|----------------|----------------|
| Audit Fees             | 0.97           | 0.60           |
| Tax audit fees         | 0.02           | -              |
| Other services         | 0.07           | 0.04           |
| Out-of pocket expenses | 0.02           | 0.01           |
| <b>Total</b>           | <b>1.08</b>    | <b>0.65</b>    |

**36. Long term contracts**

The Bank has a process whereby periodically all long term contracts including derivative contracts are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law or accounting standard on such long term contracts as on March 31, 2021 (March 31, 2020: Nil).

**37. Provision for credit card and debit card reward points**

The Bank is not providing any reward points on debit cards. Further the Bank has not issued any credit card during year ended March 31, 2021, (March 31, 2020: Nil).

**38. Credit default swaps**

The Bank has not transacted in credit default swaps during the year ended March 31, 2021, (March 31, 2020: Nil).

**39. Divergence in the asset classification and provisioning**

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 01, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

- the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and
- the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

An inspection for supervisory evaluation u/s 35 of Banking Regulation Act, 1949 for the financial year ended March 31, 2019 was conducted by the RBI. As per the inspection report received from the RBI, there were no material divergence for the financial year 2018-19 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) hence no disclosure is required.

Further, inspection for financial year ended March 31, 2020 is yet to be conducted by the RBI.

**40. Penalties levied by the RBI**

During the year ended March 31, 2021, no penalty was imposed by the RBI on the Bank. (March 31, 2020: Nil)

**41. Proposed Dividend**

During the year ended March 31, 2021 the Bank has not declared any dividend. The Reserve Bank of India, vide its circular dated April 17, 2020 and December 4, 2020, has decided that banks shall not make any further dividend pay-outs from profits, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank has not proposed any dividend for the year ended March 31, 2020.





**JANA SMALL FINANCE BANK LIMITED**  
**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)**  
*(All amounts are in Indian Rupees in Crores unless otherwise stated)*

**42. Disclosure of Letters of Comfort (LoC) issued by the Bank**

The Bank has not issued letter of comfort during the year ended March 31, 2021. (March 31, 2020: Nil)

**43. Investor education and protection fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank for the year ended March 31, 2021, (March 31, 2020: Nil).

**44. Other Expenditure**

Details of other expenditure exceeding 1% of the total income of the Bank.

| Particulars         | March 31, 2021 | March 31, 2020 |
|---------------------|----------------|----------------|
| Collection Expenses | 4.00           | 12.53          |
| Sourcing Commission | 4.67           | 8.97           |
| PSLC Expenses       | -              | 5.06           |
| <b>Total</b>        | <b>8.67</b>    | <b>26.56</b>   |

**45. Ex-gratia payment of difference between compound interest and simple interest**

Department of Financial Services, Ministry of Finance, Government of India vide notification no. F.No.2/12/2020-BDA.I dated October 23, 2020 conveyed that in view of the unprecedented and extreme COVID - 19 situation, the Central Government has approved "Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, (from March 01, 2020 to August 31, 2020)". The Bank has framed a Board approved Policy in line with the operational guidelines and pronouncements issued in this regard and conducted the aforesaid exercise of crediting the ex-gratia benefit of ₹ 40.41 crores in the respective accounts of eligible borrowers within the prescribed timeline. The Bank has received the ex-gratia claim of ₹ 39.68 crores from Government of India through State Bank of India and balance amount of ₹ 0.73 crores has been charged to Profit and Loss Account.

**46. Interest on interest**

In accordance with the RBI notification dated April 7, 2021, the Bank is required to refund / adjust 'interest on interest' charged to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. The Bank has framed a Board approved policy in this regard and is in the process of suitably implementing the methodology. As at March 31, 2021, the Bank has created a liability towards estimated interest relief of ₹ 11.07 crores and reduced the same from the interest income.

**47. Code on Social Security**

The Code on Social Security, 2020 ('Code') relating to employee benefits during the employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Official Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Bank will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

**48. Listing requirement for equity shares of the Bank**

As per Small Finance Bank Licensing Guidelines by the RBI, equity shares of the Bank are required to be listed on a stock exchange in India within three years from the date of commencement of banking business i.e., March 27, 2021. The Bank has filed draft red herring prospectus (DRHP) with Securities Exchange Board of India (SEBI) on March 31, 2021.

**49. Comparatives**

Figures for the previous year have been regrouped and reclassified wherever necessary to conform with the current year's presentation.

As per our report of even date

**For MSKC & Associates**  
**(Formerly known as R.K. Kumar & Co.)**  
 Chartered Accountants  
 ICAI Firm Registration No.001595S

*Tushar Kurani*

Tushar Kurani  
 Partner  
 Membership Number: 118580

Mumbai, May 13, 2021

For and on behalf of the Board of Directors

*Ramesh Ramanathan*      *Ajay Kanwal*

Ramesh Ramanathan  
 Chairman  
 DIN: 00163276

Ajay Kanwal  
 Managing Director & CEO  
 DIN: 07886434

*Eugene Karthak*  
 Eugene Karthak  
 Independent Director  
 DIN: 08743508

*Kapil Krishan*  
 Kapil Krishan  
 Chief Financial Officer

*Lakshmi R N*  
 Lakshmi R N  
 Company Secretary

Bengaluru, May 13, 2021

